



**Federal
Financial
Management
System
Requirements**

Framework for Federal Financial Management Systems

**EXPOSURE
DRAFT**

**JFMIP-SR-00-03
Draft**

JOINT FINANCIAL MANAGEMENT
IMPROVEMENT PROGRAM



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Date: November 12, 2003

To: Senior Financial Officials, Chief Information Officers

From: Karen Cleary Alderman, Executive Director, JFMIP

Subject: Exposure Draft - Framework for Federal Financial Management Systems

The Draft "Framework for Federal Financial Management Systems" is provided for review and comment.

The document is provided in electronic Word format with numbered and is available for downloading from www.JFMIP.gov. Also included on the web-site is a matrix for easily submitting comments to JFMIP. Please forward your comments electronically. The following questions are provided for guidance in reviewing the document:

1. Does the document meet it's objective to align the financial management environment within the context the Federal Enterprise Architecture, at the appropriate level?
2. Does the document adequately communicate the relationship among the financial management business; information and data applications and services; and technology levels of the framework?
3. Does the document better describe the future vision and environment that financial systems should be designed to meet?
4. Does the document achieve the goal of describing financial management from an enterprise-wide vs. agency-centric view?
5. Are the glossary and references at the appropriate level?

Please submit your comments using the Agency Exposure Draft Comments Matrix, available on www.JFMIP.gov, to bruce.turner@gsa.gov, by January 16, 2004. Your support and participation are greatly appreciated.

What Is JFMIP?

The Joint Financial Management Improvement Program (JFMIP) is a joint undertaking of the U.S. Department of the Treasury, General Accounting Office (GAO), Office of Management and Budget (OMB), and Office of Personnel Management (OPM), working in cooperation with one another, with other agencies, and with the private sector to improve financial management in the federal government. The program was given statutory authorization in the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 65). Leadership and program guidance are provided by the four principals of JFMIP: Comptroller General of the United States, Secretary of the Treasury, Director of OMB, and Director of OPM. Each principal designates a representative to serve on the JFMIP Steering Committee, which is responsible for the general direction of the program. The Executive Director of JFMIP is a permanent member of the Steering Committee and is responsible for the day-to-day operations of JFMIP. In addition, a representative from the federal community serves on the Steering Committee for a 2-year term.

JFMIP promotes strategies and sponsors projects to improve financial management across the federal government, participates in the financial management activities of central policy organizations, and facilitates the sharing of information about good financial management practices. Information sharing is accomplished through conferences and other educational events, newsletters, meetings with interagency groups and agency personnel, and the Internet.

For more information on JFMIP, call (202) 219-0526, or visit the JFMIP website at <http://www.jfmip.gov>.

Foreword

This document is an update to the Framework for Federal Financial Management Systems that was published in January 1995. Since 1995, there have been changes in financial management-related legislation and policies, advances in technology, and higher taxpayer expectations of the federal financial management community that have served as key drivers for this update to the Federal Financial Management Systems Framework.

This document provides a description of the basic elements of a model for integrated financial management systems in the federal government. The Framework for Federal Financial Management Systems is a reference tool intended for use by financial managers and analysts, enterprise architects, program managers, commercial service providers, and software vendors providing insight into how the various requirements documents dealing with federal financial management systems should be integrated. These financial management system requirements are collectively called the Federal Financial Management System Requirements (FFMSR).

This updated Framework for Federal Financial Management Systems is performance based and should be used in conjunction with other FFMSR documents by federal managers to meet the financial management needs of their agencies.

We thank the Chief Financial Officer (CFO) and Chief Information Officer (CIO) communities, and other federal agency officials for their contributions to this document. We greatly value your assistance and support. We remain strongly confident, with your continued support, that we will be successful in meeting all of the financial management challenges in this new century.

Karen Cleary Alderman
Executive Director
August 2003

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1 Chapter 1—Introduction and Purpose

2 Introduction

3 The U.S. government is the world's largest enterprise, and the scale and complexity
4 of federal programs and activities that carry out the missions of federal agencies and
5 programs is monumental. Currently, the federal government executes an annual
6 budget of approximately \$2 trillion for over 3,000 appropriations. The budget funds
7 1,200 programs¹ in 113 government agencies, and results in hundreds of millions of
8 financial transactions recorded in over 2,000² financial management systems³. Those
9 financial transactions result in a daily cash flow of more than \$50 billion into and out of
10 federal accounts, including \$2.3 trillion from tax receipts, user fees, and other
11 collections for five major revenue programs, using over 10,000 financial institutions. It
12 results in \$1.64 trillion in payments to over a 100 million recipients.

13 At the same time, expectations are rising that financial managers will continue to play
14 an increasingly larger role in improving program delivery by providing better financial
15 information linked to program performance goals and measures. Meeting those
16 expectations will require a transformation moving beyond financial management as
17 "timely and accurate financial transaction processing and reporting" to achieving
18 readily available knowledge-based, performance-focused financial information for
19 management.

20 Background

21 Much of the financial management related legislation passed in recent years
22 identifies improved financial performance as fundamental in carrying out the missions
23 of federal agencies. Most recently, the President Management Agenda builds upon
24 the Chief Financial Officer's Act of 1990 (CFO Act), the Federal Financial
25 Management Improvement Act (FFMIA) and other financial management reform
26 legislation that established federal requirements for such things as accounting
27 standards, financial statements, effective internal controls, integrated financial
28 management systems, strategic planning, and performance measurement and
29 reporting. These mandates focus federal financial management beyond traditional
30 budget formulation and execution to producing accurate, consistent, timely, and
31 useful financial information to ensure accountability and support program
32 performance evaluation and decision-making. Furthermore, these mandates

¹ Includes approximately 1,077 grant programs, 44 direct loan programs, 61 guaranteed loan programs, 12 insurance programs, 177 direct payment programs, and 383 non-financial programs.

² Derived from 2002 Office of Management and Budget (OMB) financial system inventory. However, this inventory underreports the total number of financial systems for source financial information comes from. The Department of Defense alone has identified more than 2,300 financial and mixed systems.

³ The Federal Financial Management Improvement Act (FFMIA) defines financial management systems as "financial systems and the financial portions of mixed systems necessary to support financial management, including manual or automated processes, procedures, controls, hardware, software and support personnel...Financial systems include an information system, comprised of one or more applications, that is used for (A) collecting, processing, maintaining, transmitting or reporting data about financial events; (B) supporting financial or budgeting activities; (C) accumulating and reporting cost information, or; (D) supporting the preparation of financial statements.

recognize that business events that generate financial information occur throughout the enterprise. Over time, the role of financial management has transitioned beyond controller and scorekeeper to a broader role of strategic business partner responsible for providing business acumen and information to program managers to evaluate and improve program performance.

In the information technology arena, the Clinger-Cohen Act set forth a variety of initiatives to support better decision making for capital investments in information technology, including the development of the Federal Enterprise Architecture (FEA)⁴ and better informed capital investment and control processes within agencies and across government. This has set forth another broad shift in the financial systems environment—one that acknowledges that financial systems planning can no longer take place within an isolated environment or “stovepipe,” but must now be integrated with enterprise-wide goals.

The vision for government financial management integrates budget formulation and performance. Expected outcomes are defined. Program execution and evaluation occur in the context of meeting outcome goals. Financial management systems support a consistent basis to measure financial performance across the government as well as within its component parts. Meeting this goal relies upon use of common information architecture.

Purpose—Framework for Federal Financial Management Systems

The purpose of the Framework is to describe the linkages between agency mission needs, information content, and information technology capabilities. In so doing, the Framework provides a vision and an illustration of the financial management environment that financial management systems must be designed to support. It also provides financial management performance outcomes and needed capabilities.

The Framework includes the following:

- ◆ Explains how federal financial management supports federal agencies and the mission of government as an inherent component of the delivery of all federal programs
- ◆ Sets forth financial management performance goals, outcomes, and desired capabilities and characteristics that future systems should be designed to meet.
- ◆ Describes financial management functions, information flows, and systems that support the federal agencies in carrying out programs.
- ◆ Describes the agency and central agency roles
- ◆ Links financial management to program performance and describes how it supports budget and performance integration

⁴ Improved financial systems must be developed in conformance with an agency’s architecture guidelines as influenced by the evolving OMB-FEA reference models. Financial systems are critical component of an agency’s enterprise architecture (EA).

- ◆ Presents the business needs, performance goals, and information architecture that drive financial systems requirements.

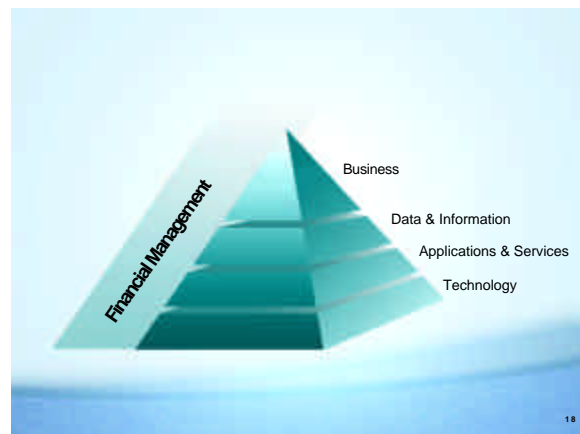
The Framework is targeted to three audiences:

- ◆ *CFOs and the financial management community.* Presents a more strategic and programmatic perspective that supports the increased emphasis on improving government operations and providing meaningful information to multiple levels of users. It fosters the partnership relationships among the CFO, CIO, and program communities.
- ◆ *CIOs and enterprise architects.* Provides the government-wide financial business and information framework that complements agency architectures. It enables the development of agency architectures that are compatible with federal regulations and guidance and supports decision criteria for managing capital assets.
- ◆ *Program executives and agencies.* Explains financial management and systems and links financial systems to improved program performance. As such, it raises awareness regarding the importance of financial management systems and enables program executives to be partners in developing more effective mission support and decision-making tools.

Framework Document Organization

To be consistent with the Federal Enterprise Architecture, this Framework document is organized to follow the architectural layers as follows: business (Chapter 2), data and information (Chapter 3), applications and services (Chapter 4), and technology (Chapter 5). Those chapters cover the following:

- ◆ *Business architecture.* The business architecture defines the business processes needed to perform the functions that the organization undertakes to achieve its goals and thereby accomplish its mission.
- ◆ *Data architecture.* The data architecture defines the information structure needed in the business processes and the interrelationships.
- ◆ *Application architecture.* The application architecture defines the applications, services, and components needed to manage data and support business functions.
- ◆ *Technology architecture.* The technology architecture defines the hardware and systems software infrastructure used to support the business.



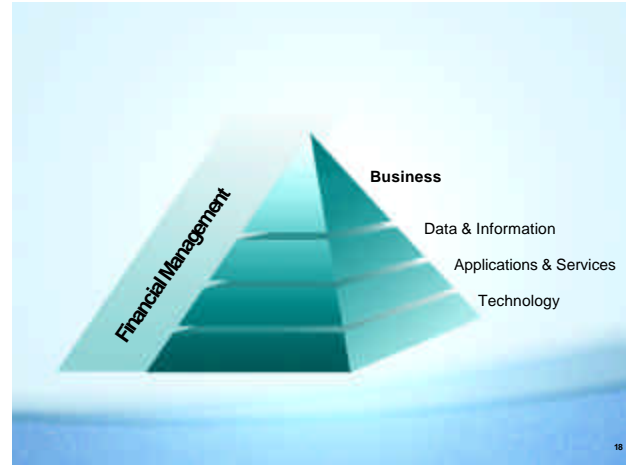
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- 123 This document also has five appendixes:
- 124 ♦ Appendix A contains a glossary.
- 125 ♦ Appendix B summarizes relevant federal statutes, regulatory guidance, and
126 Statements of Federal Financial Accounting Standards.
- 127 ♦ Appendix C summarizes the central agency interrelationship performed by the
128 Department of the Treasury Financial Management Service
- 129 ♦ Appendix D contains a table listing the service functions and, for each, providing
130 an overview and, where appropriate, specifying primary transactions.
- 131 ♦ Appendix E lists the contributors to the Framework document.

Chapter 2—Financial Management Business

The Future Financial Systems Environment

The vision for financial management is integrated services operating efficiently on common data that achieve financial control and support enterprise-wide program performance measurement.

Financial systems must ensure accountability and control of resources, and produce accurate, consistent, timely, and useful financial information linked to program information in order to measure performance and inform decision makers at all levels.



“The vision is to have a single financial infrastructure with standardized applications and services that are supported and enabled by integrated financial management data and information.”

The Role of Federal Financial Management

Financial management is a critical function in carrying out the nation’s priorities and the business of government. Financial management consists of the financial policies, processes, organizations, applications, and services that ensure financial integrity and efficiency in government.

Financial management must ensure fiscal integrity and efficiency in government operations and the delivery of programs.

Financial management fundamentally supports the mission of government and is an inherent function of the delivery of all programs. Financial management, at all levels of the government, must account for and control programs through activities that: capture and account for business event information; ensure budgetary integrity; establish financial control over obligations and costs; and produce accurate, consistent, and complete financial data to enable cost-effective mission achievement and risk mitigation.

Overview of the Federal Financial Management Environment

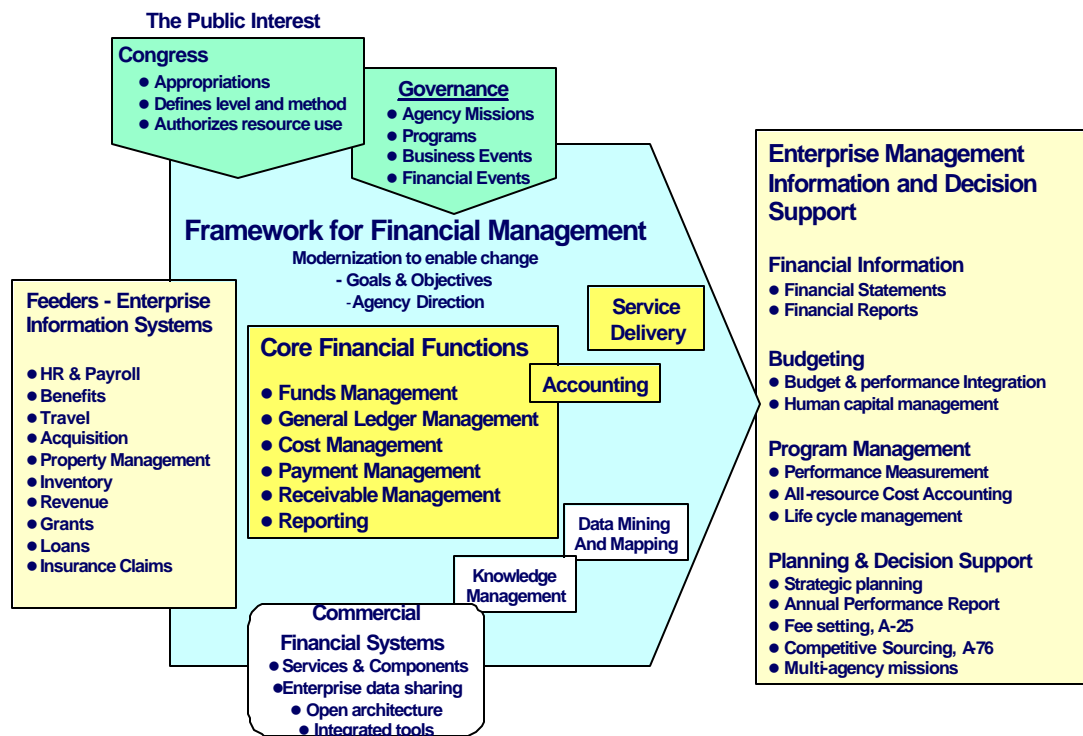
The financial management mission requires an integrated process of program authorization, resourcing, governance, execution, and reporting (see Figure 1). Further, the mission depends upon appropriate control of business transactions, in accordance with internal control standards, and capture of business event information in a manner that satisfies multiple users and uses.

Financial events are the basis for producing enterprise management and decision support information. The combined data from all financial transactions provide the basis for management information. Users of financial information include the public, the President, Congress, agency heads, program managers, financial managers, the private sector, and other governments.

Specifically, financial event information must satisfy the following:

- ◆ Budgetary information requirements (i.e., planned, authorized, and executed budgetary resources) and cash management information requirements (i.e., recording and accounting for the flow of cash resulting from collection and disbursement of cash)
- ◆ Accrual information requirements (i.e., recording financial impact—expenses or revenues associated with business events—at the point those business events occur)
- ◆ Internal control requirements and audit requirements.
- ◆ Information exchange requirements.

Figure 1. Financial Management Environment



Satisfying tiered information needs and multiple users can occur only through defined business rules and a defined information and data architecture.

As the Congress and President authorize and fund programs, financing for them is derived from a number of sources, including appropriations, borrowing, deposit funds,

and revenues. Agencies are authorized to use resources to carry out programs in accordance with the objectives intended and within the authorized methods and levels.

In carrying out missions/programs, agencies use approved strategies for program delivery that may include private-sector partners, state and local governments, or other government agencies. Program execution results in financial events such as payments, grants, loans, insurance payments, revenue collection, etc. Recipients of financial services include individuals, the public, other government agencies, private-sector companies, universities, and local, national and international governments.

Financial Management Governance, Standards, and Stewardship

The foundation of the governmental financial management function is established in the U.S. Constitution, which invests Congress with the “power of the purse,” and the creation of a Treasury to perform the control functions of collecting, financing, and keeping the records. Article 1 of the Constitution gives the Congress the power to lay and collect taxes, duties, and excises to pay the debts and provide for the common defense and general welfare of the United States. It also mandates that “No money shall be drawn from the Treasury, but in consequence of appropriations made by law; and a regular statement and account of receipts and expenditures of all public money shall be published from time to time.”

Financial activity must be executed in accordance with appropriations law and federal regulations and recorded in accordance with federal accounting standards in a manner that results in required financial accountability.

Subsequent legislation created agencies, established funding for programs, and assigned fiduciary, oversight, and stewardship responsibilities:

- ♦ **Governance.** It is the responsibility of the Congress, OMB, Treasury, agency heads, and CFOs to ensure that laws, regulations and policies are implemented into financial processes. Various organizations, committees, within agencies or the financial community⁵, are delegated governance roles to help facilitate the developing and implementing of standards uniformly across the enterprise.
- ♦ **Standards.** Financial management standards are needed to provide consistent and timely capture of data and reporting. Financial management classification and coding structures must follow government-wide classification and information standards, and support upstream and downstream entities that generate or use the same financial data.
- ♦ **Stewardship.** Responsibilities for accountability and compliance rest generally with agency heads, CFOs, and program managers. Federal financial and program managers, as “owners of data”, should ensure that existing standards and guidance are fully utilized.

⁵ E.g.: FASAB; SGL Advisory Board; CFO Council; etc.

Financial Management Performance

The public, the President, the Congress, OMB, agency heads, agency financial and program managers, and others require accurate, consistent, timely, and relevant financial management information for evaluating program performance and outcomes. Such information is necessary to link financial performance that occurs through budget execution to expected program outcomes and results.

A performance-driven, results-oriented government that is accountable to its citizens depends on successful financial management systems that link financial management and program performance.

Dimensions of financial management performance include the following:

- ◆ *Fair, timely, and accurate presentation of the financial condition of the entity and its components.* This information informs decision makers on trend, defined period, and up-to-date status of resources inflows, outflows, and sustainability. In the federal environment, this performance dimension includes presentation of information on a budgeted basis and on an accrual basis.
- ◆ *Adherence to defined business rules.* These operational performance metrics show current and trend information regarding foundation elements that support effective and efficient financial management and reporting. Examples include capturing information consistent with accounting standards, maintaining complete information, recording and reconciling transactions within defined parameters, and issuing payments accurately.
- ◆ *Capture and reporting of full cost information and trends by entity, organization, program, project, activity, processes, outputs, and outcomes.* This element of financial management performance provides information necessary for decision makers to improve managerial performance (cost efficiency) and to assess whether the program results are worth the cost (cost effectiveness).

Financial Management Performance Goals

A performance-oriented, results-driven government requires clearly identifiable and measurable performance goals for both financial and non-financial programs. Financial management performance is a supporting component of overall performance and effectiveness of federal programs. As such, financial and program performance goals are interdependent.

The broad financial management performance goals and expected outcomes are as follows:

1. *Ensure fiscal integrity by maintaining accountability and control of resources.*

- ◆ Ensure budgetary integrity by establishing financial control over funds, obligations, assets, and liabilities.

- 299 ♦ Safeguard and control federal resources to prevent waste, fraud, abuse, and
300 mismanagement.
- 301 ♦ Ensure the reliability of the government's reported financial condition.
- 302 ♦ Ensure efficiency in financial operations by maintaining an effective financial
303 infrastructure.
- 304 ♦ Ensure public confidence and credibility through effective financial management
305 governance, accountability, and stewardship.
- 306 2. *Improve program performance by providing management information and decision*
307 *support that links financial and program performance.*
- 308 ♦ Maintain efficient business processes that capture and account for the financial
309 components of business events.
- 310 ♦ Enable effective decision making at all levels of the government "business lines
311 and functions"⁶ to support cost-effective mission achievement and risk mitigation.
- 312 ♦ Disclose the cost and performance of federal programs and activities to the
313 citizens, President, Congress, program managers, and financial managers.
- 314 ♦ Increase the government's ability to address vital public needs.
- 315 ♦ Improve the general performance of the federal government.

316 **Linking Program Delivery with Financial Management**

317 Congress, in exercising its power of the
318 purse, authorizes programs and funding for
319 specified purposes and uses that are carried
320 out through agency missions and programs.
321 Program delivery results in financial events
322 such as appropriations, grants, loans,
323 benefits, payroll, purchases, contracts,
324 travel, etc., that become the basis for
325 financial transactions that must be captured
326 through standard business processes and recorded.

A financial event is any activity carried out in the delivery of the agency mission and programs that has a financial impact. Financial transactions are the component of financial events that must be recorded.

327 All financial events that occur in carrying out the mission/program delivery of
328 government must be carried out in accordance with their intended purpose and
329 recorded as financial transactions in accordance with standards.

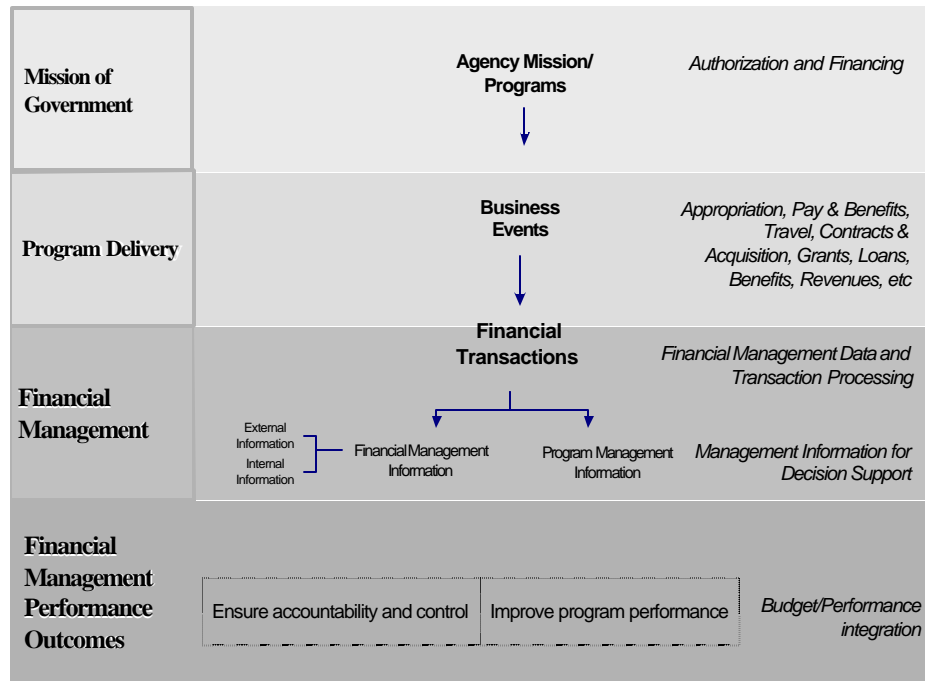
330 Financial transaction processing provides accounting and control over financial
331 events and is the basis for collecting and organizing financial data. The data collected

⁶ The Federal Enterprise Architecture (FEA) lines of businesses and functions include both financial and non-financial components and are described in the FEA Program Management Office's Business Reference Model.

from financial events become the basis for providing accountability and accurate and meaningful decision support information.

Figure 2 below illustrates how financial transaction processing links the agency mission and programs with the broad financial management performance goals of ensuring accountability and control and improving program performance.

Figure 2. Linking Financial Management and Program Delivery



Key Financial Management Business Processes

This section summarizes the interrelated enterprise-wide functions that carry out day-to-day financial management activities in the government. The key financial management business processes, which are the common operational processes that constitute the financial management infrastructure, are described below.

The information needed for accountability and control and improved program performance begins with data collected through transaction processing. Transaction information originates in multiple programs as unique program-specific business events, but share common accounting attributes.

Integrated financial data and information are dependent upon the interpretation, translation, classification, and consolidation of business events—events that originate in disparate programs, processes, and systems across the enterprise—into common

Key Financial Management Business Processes

- ◆ Budget and Finance
- ◆ Accounting
- ◆ Collections and Receivables
- ◆ Payments
- ◆ Assets and Liabilities
- ◆ Reporting and Information.

financial transactions and processes that capture financial information needed for downstream information and reporting requirements. As administrative processes become increasingly interdependent, financial systems must support the integration of data and processes that interoperate between financial, program, and other administrative functions.

The key financial functions control, classify, organize, and consolidate common financial transactions and data from business events across the enterprise and provide the basis for integrated information and reporting.

The scope of the key financial management functions extends beyond core accounting to the enterprise-wide level. It encompasses the origination of transactions across the agency's program and other administrative areas, as well as core accounting and reporting, and includes both agency and central agency components.

Explaining the financial functions will help financial systems planners and vendors identify the key financial processes and information flows that financial systems must be designed to meet.

1. Budget and Finance

Managing the federal budget process involves planning, programming, and executing the federal budget as prescribed by the President and intended to be carried out by Congress and in accordance with legislation, laws, and policies. Performance measures must also be built into the budget process to enable budget execution results to be linked to program execution:

- ♦ *Budget formulation* involves managing the federal budget process, including the development of plans and programs, budgets, and performance outputs and outcomes. It encompasses the cycle wherein budget estimates are developed by agencies using projections and forecasts, submitted to OMB for review, transmitted by the President to Congress, and tracked through the congressional appropriations process. Budgets are formulated based on proposals, evaluations, prior performance, and policy decisions.
- ♦ *Federal finance* includes funding federal programs and operations through appropriation and apportionment of direct and reimbursable spending authority, fund transfers, investments, and other financing mechanisms.

2. Accounting

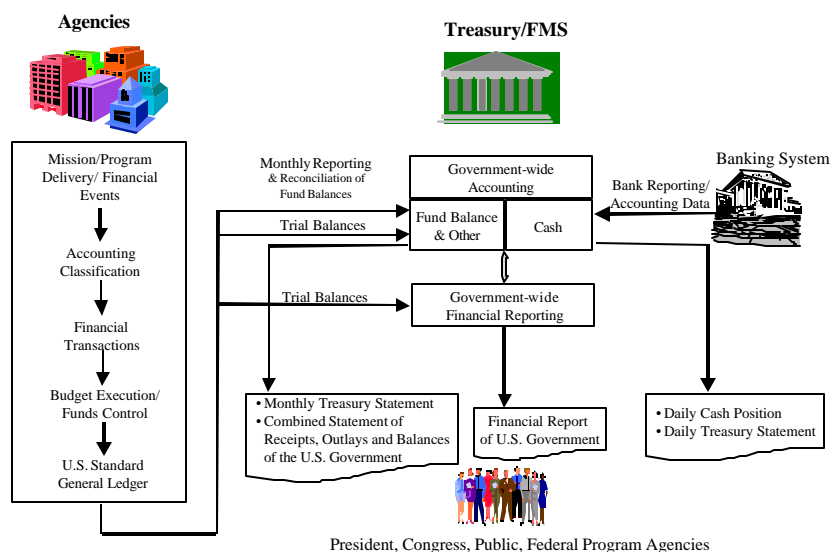
The purpose of accounting is to record financial events and ensure fiscal integrity as required by law. Accounting data must also provide the basis for program performance measurement. The function of accounting must govern when, where, and how financial events are executed and recorded and disclose accountability through preparing agency and consolidated financial statements explicitly required by law. The impact of accounting transactions must be properly recorded in accordance with applicable accounting standards and information classification standards. Accounting data must also be linked to performance measurements through

reallocation to programs, projects, and activities. The following elements support the function of providing accounting and preparation of financial statements:

- ◆ *Financial classification structure* determines a government-wide and agency accounting and program classification structures, i.e., appropriations, OMB object classification, SGL account codes, and other classifications for identifying end use, outcome, or organizational responsibility associated with financial transactions. It also includes managing the program, project, and activity classification for transactions needed for maintaining managerial cost accounting in support of program performance measures. A critical component of the financial classification is the U.S. Standard General Ledger. The *U.S. Standard General Ledger* maintains general ledger accounting and control over proprietary and budgetary resources, maintains agency trial balances and standard general ledger control in support of agency operations, maintains centralized trial balances and standard general ledger control, and ensures government-wide funds control over budgetary resources, cash, borrowing, and other means of financing and reconciling agency and Treasury accounts (fund balances, outlays and receipts, intra-governmental transactions, etc.).
- ◆ *Budget execution* provides funds control and accounting for the execution of the budget (distribution of funds, advances, obligations, and expenditures), including payroll and benefits management, travel management, acquisition of goods and services through private contracts and inter-agency agreements, acquisition of supplies and equipment, and administration of federal grants, subsidies, benefits, guarantees, and entitlements
- ◆ *Proprietary Accounting is accounting and reporting for all assets, liabilities, investments, revenues, and expenditures related to appropriations, federal agencies and the government as a whole.*

Figure 3 provides an overview of the accounting process.

Figure 3. Overview of the Accounting Process



President, Congress, Public, Federal Program Agencies

3. Collections and Receivables

Collecting revenues and receivables is managing the collection of receipts, taxes, fines, fees, gifts, repayments, via a variety of mechanisms, from federal entities and private individuals; federal agencies; state, local, and international governments; and private companies, in support of federal programs and operations. It includes sales to the public, lease payments, royalties, loan payments, and overpayment of benefits.

Managing collections is an accounting and control function that ensures standard transaction processing for collecting funds into the Treasury and agency accounts in accordance with laws. It encompasses the stewardship, governance, and infrastructure to support the constitutionally mandated function of collecting money to finance government into the Treasury through taxes, fines, fees, forfeitures, and donations or from sales of property, user fees, leases, royalties, etc., that result from government operations.

Federal program agencies, the Department of the Treasury, and the Federal Reserve Banks are the primary components responsible for establishing and ensuring fiscal integrity of collections processes. Federal agencies, in carrying out their missions and programs, collect funds from individuals, corporations, and governments (federal, state, local and international) as part of their daily operation and deposit them into Treasury accounts through the federal reserve banking system, using a variety of available collection mechanisms⁷ and systems. The Treasury records and accounts for the collection of funds on behalf of agencies and the public.

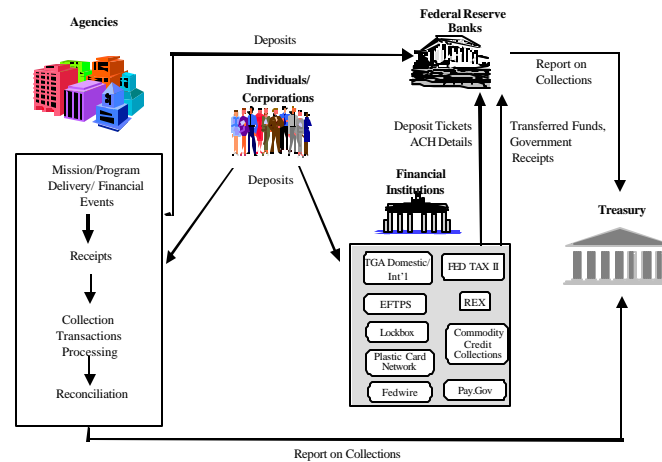
The following activities support the collections function:

- ♦ *Managing Revenue Collection Programs and Activities.* Developing pricing structures and determining user fees for exchange revenues for sales of goods and services to the public or other federal agencies or determining non-exchange revenue in accordance with applicable standards.
- ♦ *Collection operations.* Maintaining effective program and agency processes and systems to ensure the timely and accurate collection of funds.
- ♦ *Debt management.* Managing the collection of receivables generated through program delivery and maintaining effective agency and central agency processes and mechanisms for collecting delinquent debt owed the U.S. government, in accordance with applicable laws.

Figure 4 below provides an overview of the collections process.

⁷ The Treasury Financial Manual (TFM), available at www.fms.treas.gov describes collections methods, systems, and formats.

Figure 4. Overview of the Collections Process



4. Payments

Processing payments refers to is the disbursement of federal funds, via a variety of mechanisms,⁸ to federal entities and private individuals, federal agencies, governments (state, local and international), and the private sector, to pay for goods and services or to distribute entitlements, benefits, grants, subsidies, loans, or claims.

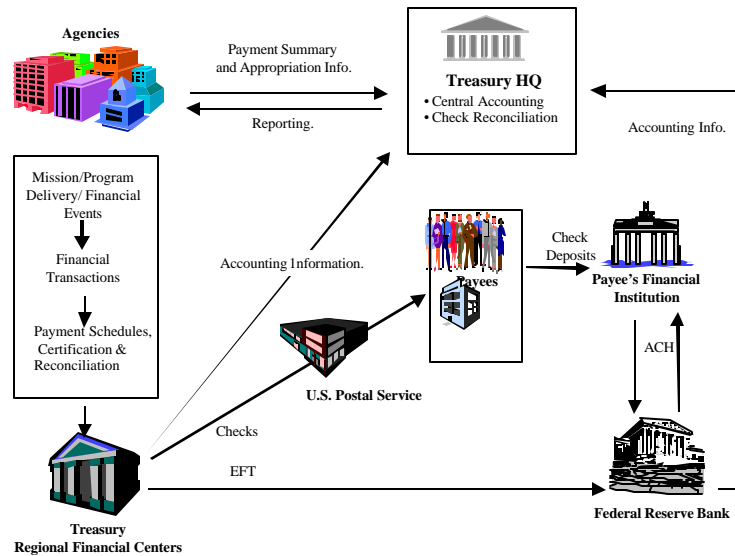
Managing payments is an accounting and control function that ensures standard transaction processing for paying funds out of the Treasury on behalf of federal program agencies, to satisfy bona fide liabilities incurred in carrying out federal programs and the missions. It encompasses the stewardship, governance, and infrastructure to support the constitutionally mandated function of financing government operations.

Federal program agencies, the Department of the Treasury, and the Federal Reserve Banks are the primary components responsible for establishing and ensuring fiscal integrity of collections processes. Payments are made by the Department of Treasury or non-Treasury disbursing office drawn on U.S. Treasury on behalf of federal program agencies. Payments are made against accounts maintained by Treasury that identify the agency and appropriation from which the payments are requested. Agencies must certify payments and reconcile fund balances in agency accounts against those balances maintained at Treasury.

Figure 5 below provides an overview of the payments process.

⁸ The Treasury Financial Manual (TFM), available at www.fms.treas.gov describes disbursing methods, systems, and formats.

Figure 5. Overview of the Payments Process



5. Management of Assets and Liabilities

The function of managing assets and liabilities provides the infrastructure and transaction processing for recording and tracking the impact of financial events on the government's assets and liabilities. Managing government assets and liabilities is an accounting and control function that ensures standard transaction processing, valuation, and disclosure of acquiring and disposing of assets and liabilities, in accordance with standards.

The following activities support this function:

- ♦ *Cash management.* Managing the federal government's cash flow and the cost of banking, borrowing, and financing associated with financing the daily operation of the federal government.
- ♦ *Asset management.* Transaction processing, accounting, and valuation for managing government-owned land, buildings, property and equipment, natural resources, and inventories.
- ♦ *Management of trust funds.* Providing transaction processing in support of managing funded and unfunded liabilities, including social insurance, pensions, claims, etc.
- ♦ *Public Debt Management.* Managing and accounting for investments in Treasury securities and borrowing on behalf of federal agencies (intra-governmental), and sales of Treasury securities to the public.

6. Reporting and Information

Producing management information and analysis supports financial and program performance. Generating financial management information for decision support is a by-product of accounting and control and is an outcome of the financial data collected

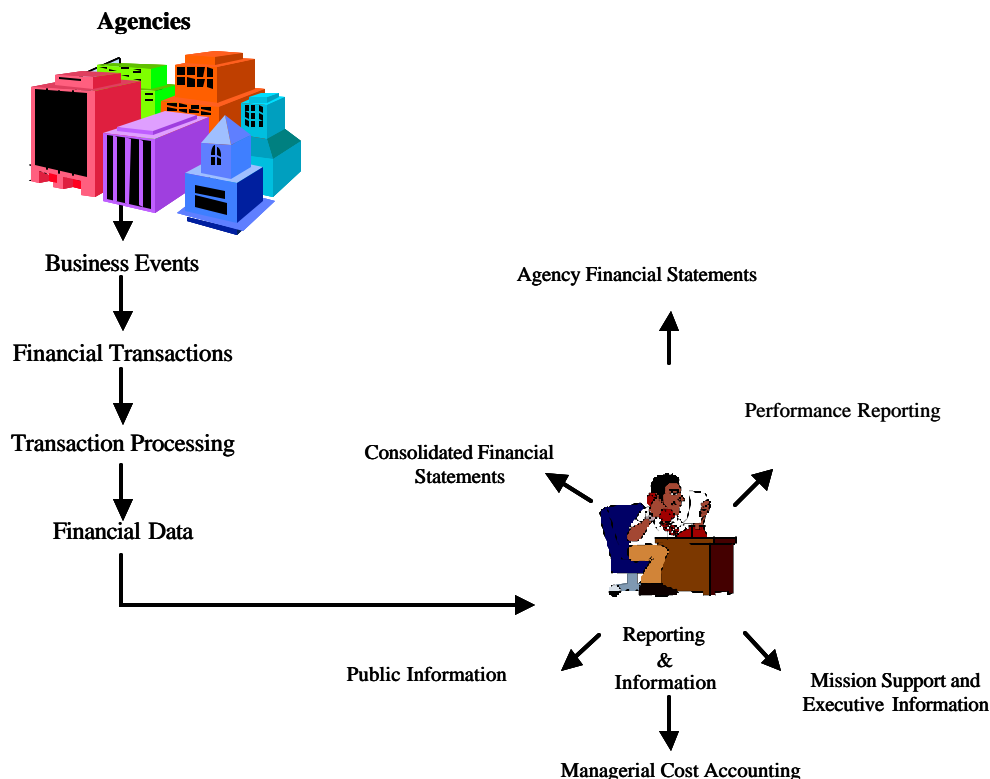
through financial transaction processing. Financial managers, as owners of the financial data, must ensure that effective processes and systems are in place to provide the financial component of program performance and decision support information and reporting requirements. Providing financial management information and analysis is critical to ensuring fiscal integrity and improving program performance and linking financial management with program performance measures.

Reporting and providing information on the financial status of government operations and use of financial resources (financial reporting) to improve financial performance and support the goal of ensuring fiscal integrity include the following activities:

- ♦ *Preparation of financial statements.* Preparing agency financial statements as required by law for preparation by Treasury of the Consolidated Financial Statement of the United States.
- ♦ *Program management information for decision support.* Providing financial information that is tailored to be useful to decision makers at multiple levels of responsibility. It relies on the capture of detailed financial and programmatic data that are converted to information using defined reports as well as analytic tools such as data warehousing, data modeling, and data mining. Budget and performance integration and managerial cost accounting are examples of program management information that inform decisions.

Figure 6 below provides an overview of the reporting and information process.

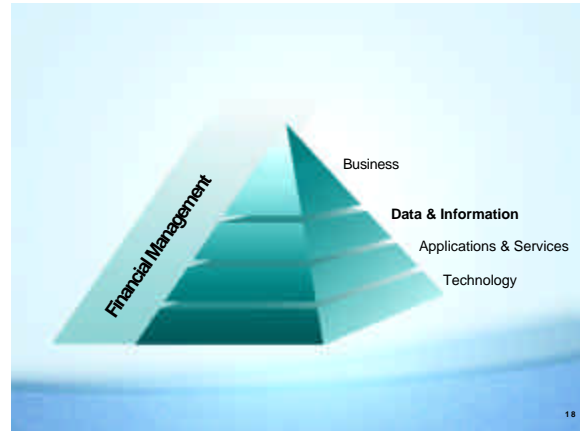
Figure 6. Overview of the Reporting and Information Process



Chapter 3—Financial Management Data and Information

This chapter broadly describes the financial management data and information structure necessary to ensure accurate, consistent, timely, and complete financial information.

The financial management data and information structure is the data flows, information, and reporting that ensures accounting and control over financial events and provides management information to support program delivery.



The vision for the future financial systems environment is an integrated financial infrastructure where standardized applications operate efficiently on common data that achieve enterprise-wide financial control and program performance information.. Achieving the vision requires integrating the data and information that financial systems produce. The CFOs, as owners of financial data, must ensure that the information structures and processes are in place to integrate and standardize the data from across the enterprise.

Overview of the Financial Management Information Process Flow

Program performance is enabled by financial management information that is based on an information architecture that captures and classifies data for financial reporting and performance measurement. The financial management information structure must provide the capability to capture financial data as events occur using a standard classification structure that facilitates efficient roll-up for downstream reporting and information at various levels.

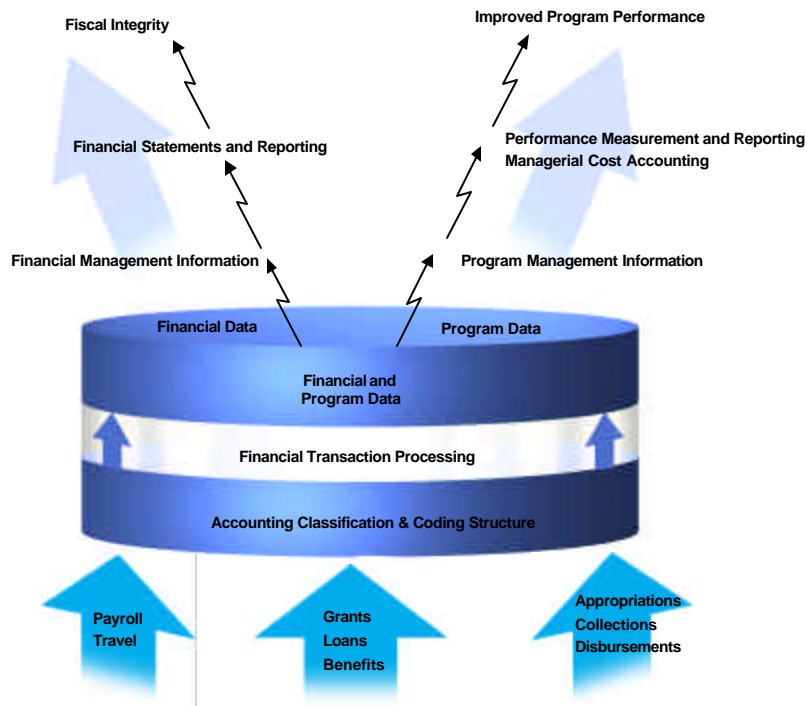
Data standardization⁹ is essential to timely and accurate reporting. The accounting classification structure is the link between events, transactions data, and reporting. Both financial and program data must be captured at the time of the financial event, using standard data definitions and classification. It is the responsibility of financial managers to ensure that the accounting classification structure supports “end to end” data standardization in financial accounting processes.

Figure 7 below illustrates an overview of the flow of financial information and data.

⁹ Data standardization is defined as the discipline of establishing common data definitions that are compatible across multiple systems organizations owning data.

580

Figure 7. Overview of the Financial Management Information Structure



581

582 The data collected become the basis for generating effective financial and program
 583 information and reporting. Transaction processing may be accomplished through
 584 different service delivery components (for example, done in-house, outsourced, or
 585 cross-serviced); however, internal controls must still be built into all transaction
 586 processing, and data collected through transaction processing must provide
 587 information for both financial and program reporting:

- 588 ♦ *Financial management information* includes financial statements and accounting
 589 and control information and reporting required by law, driven largely by external
 590 reporting requirements¹⁰ and governed by accounting standards. Examples of
 591 financial data include appropriations, fiscal year, standard general ledger
 592 account, OMB object class codes, and other means of classifying, accounting,
 593 and controlling financial transactions. The financial information structure must
 594 support an audit trail that links financial reporting and information with the
 595 supporting financial transactions and events.
- 596 ♦ *Program management information* is the information needed for program/mission
 597 support and performance. Examples of data supporting management information
 598 and reporting are the identification of cost with the program, project, activity, or
 599 other data that support managerial cost accounting, performance measurement,
 600 and other means of evaluating mission effectiveness.

¹⁰ Treasury, OMB, FASAB, etc.

Data and Information Performance Goals

The financial management information structure supports the broad goals of ensuring fiscal integrity and improving program performance. Performance goals and desired characteristics for financial data and information are described below:

- ◆ Enable compliance with federal accounting standards and requirements for financial information and reporting
- ◆ Ensure that all financial data needed to meet financial and program information requirements are captured at the inception of a business event
- ◆ Provide a management information and decision support structure that uses standard data definitions, business rules, and accounting classification
- ◆ Support the integration and roll-up of financial data to meet downstream reporting
- ◆ Integrate budget and performance by providing full cost accounting for programs, projects, activities, and other performance measurement criteria
- ◆ Enable a system of internal controls that ensure fiscal integrity through accountability and control.

Information Architecture

The information architecture addresses financial information at the event and reporting (summary) level. Financial systems should support standard data classifications for recording financial events and maintaining summary level information. In addition, an agency's standard data classifications must incorporate government-wide information standards, and data required for other purposes must be consistent with the government-wide standards.

Data standards may occur at either the event level or the reporting level of the information architecture. In either case, data classifications need to use consistent definitions throughout the financial event collection and reporting processes. Data element names, definitions, formats, domains, uses, and attributes should be specified in establishing data requirements used by financial management systems.

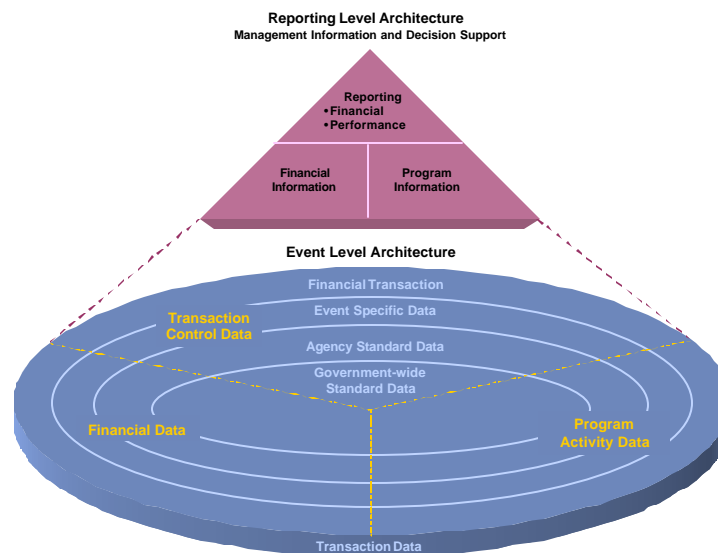
Event-Level Architecture

A financial event is any occurrence having financial consequences to the federal government related to the receipt of appropriations or other financial resources; acquisition of goods or services; payments or collections; recognition of guarantees, benefits to be provided, or other potential liabilities; or other reportable financial activity. Proper accounting classification of financial events is critical to the entire management information process. Events occur routinely as a result of the business activity of the government. These events are recorded in financial management systems as "transactions."

Reporting-Level Architecture

Effective program execution requires providing information to customers about their interactions with the federal government, to agency managers for operating decision making, to senior administration officials for policy decision making, and to the Congress to understand the status of government programs. The reporting level architecture is the structure of data and its presentation to meet these information requirements (Figure 8). Reporting needs to be of proper scope, level of detail, timing, content, and presentation format to provide information of real value to users. Timely, concise, and conclusive information should be provided since managers have limited time to access and digest information.

Figure 8. Program Execution Information Architecture



The reporting-level architecture is used to summarize transaction data and provide the financial, operations, and program information necessary for internal and external reporting.

The reporting component of the reporting-level architecture provides for the presentation of financial and performance information. It provides users access to understandable information about what the government is doing and how well it is doing it. Financial reporting provides information on the financial condition of the federal government at a point in time or over a period of time. Performance reporting answers the question: "How effective and efficient are operations and programs?" Performance reporting may use data from sources other than the financial management systems (e.g., economic indicators, crime rates) to measure how well a program is doing.

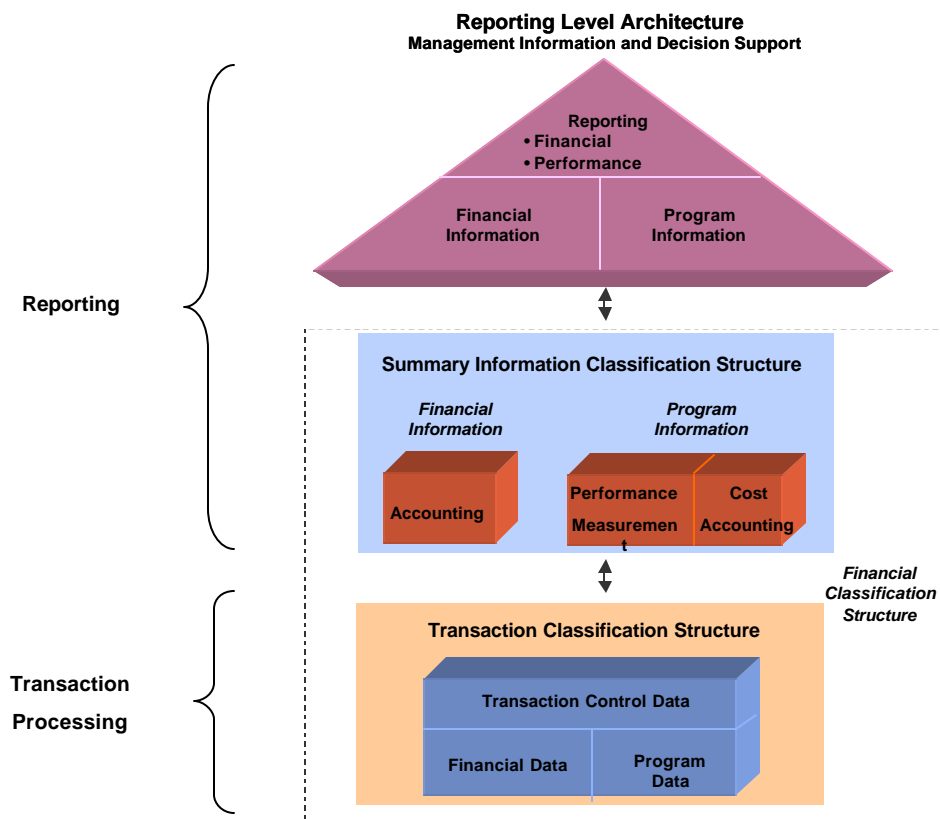
Structures Supporting the Information Architecture

The information architecture is supported by the data contained in the event-level architecture and the reporting-level architecture such that meaningful and useful information can be obtained. The various structures work together in a cohesive

architecture to enable accurate, internally consistent, and meaningful data to be collected and reported on financial events.

The financial and related information classification structures provide the ability to collect and summarize information consistently and at the appropriate levels of detail for users at multiple levels in the government (Figure 9). Collectively, this information is used to support financial and performance reporting requirements. The reporting structure provides the necessary access to information captured by the financial management systems using the financial and related information classification structures.

Figure 9 Financial Classification and Reporting Structure



Standardized and consistently defined data elements in the transaction classification structure linked together by appropriate encoding relationships with the summary information classification structure provide the bridge between the event-level data requirements and the summary-level information requirements. The summary information classification structure, supporting the summary-level information requirements, assembles the data into meaningful categories that can be made accessible for a variety of reporting purposes.

Financial and performance reporting is based on the summary information classification structure, but also may require data contained in data structures external to the financial management systems to be used to make the information meaningful, complete, and useful for decision making. The transaction classification structure of the event-level architecture and the summary information classification structure and reporting structure of the reporting-level architecture work together to

690 provide the necessary description of financial events to ensure the integrity of
691 financial and related information collected and reported.

692 ***Transaction Classification Structure***

693 The data elements to properly track and classify a financial event are contained in the
694 transaction classification structure and are categorized as financial data, program
695 activity data, and transaction control data. The transaction classification structure is
696 used to track individual transactions and relate them to financial events. The
697 elements of financial data (e.g., fund, object class, dollar amount) and program
698 activity data (e.g., activity type, program unit) within the transaction classification
699 structure provide the minimum data needed to derive the full classification of
700 information for financial information, operations information, and program information.
701 Transaction control data within the transaction classification structure provide the
702 audit trail for financial events and may also be used to assess performance.
703 Transaction control data include such elements as transaction source,
704 document/reference number, transaction ID or control number, transaction type,
705 effective date, and posting date. This structure provides for the coding necessary to
706 collect data to support the summary information classification structure.

707 ***Summary Information Classification Structure***

708 The summary information classification structure consists of financial and program
709 information. These classification structures are used to categorize summary-level
710 financial, operations, and program information necessary for the users to understand
711 the implications of financial decisions and to track performance of operations and
712 programs.

713 The financial information classification structure is used for collecting, categorizing,
714 tracking, monitoring, and reporting information on the status of financial resources at
715 federal agencies. It provides the structure for collecting budget and financial
716 information for reporting, ensuring financial accountability, and linking budget
717 formulation and budget execution. The essential categories of the financial
718 information classification structure are organization unit, funding identification,
719 accounting categorization, program, special descriptors, and accumulators.

720 ***Reporting Structure***

721 The reporting structure of the information architecture provides access to the
722 information captured by the financial management systems. The reporting information
723 structure supports requirements for reporting and providing information on the
724 financial status of government operations and use of financial resources (financial
725 reporting) and the effectiveness and efficiency of delivery (performance reporting).
726 The reporting structure facilitates analysis of financial and program information by
727 identifying and reporting variances between actual results and plans.

Chapter 4—Financial Management Applications and Services

This chapter addresses financial systems within the context of the applications and services level of the Federal Enterprise Architecture.

“Financial applications and services” refers to the systems software, both COTS and in-house, that support financial management functions throughout the government.

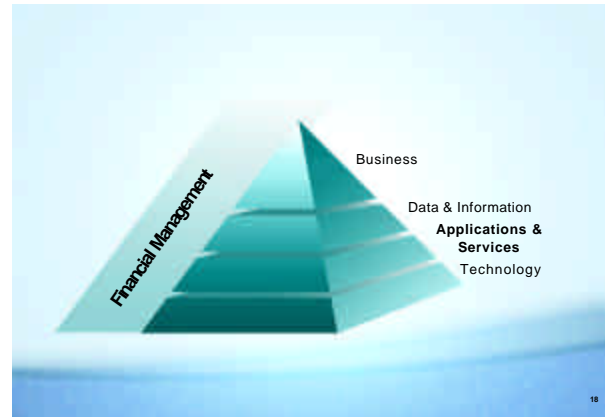
From an enterprise architecture perspective, financial applications provide services that support the business and information goals. Examples of financial services are travel, payroll, core accounting, benefits, grants, etc. Financial services are delivered by applications (software) that may be broken out into many supporting “service components.” Examples of financial service components might be funds control, advances, billing, or other functions that together constitute the functionality of the particular application.

This chapter addresses the major applications that support financial functionality. The specific JFMIP requirements documents list and describe the functionality that provides the basis for service-level components.

Vision

The long-term vision for financial applications and services environment is to have a single financial infrastructure with standardized applications and services that are supported and enabled by integrated financial management data and information.”. Getting there is dependent upon achieving integrated data and information and developing applications that maximize the use of software that standardize, integrate and share data. The critical importance of an integrated information and data structure as a key dependency for achieving the vision was discussed in Chapter 3. Equally important is that financial applications should be designed with these goals in mind and be based on technology and approaches that facilitate rather than hinder the integration of data and information from multiple applications across the enterprise. Future financial applications must be designed to be flexible and not “locked in” to specific technologies or service providers that don’t enable easy integration of data across multiple applications or recognize commonality in other applications.

Along the way, the outcome of the changing applications and services environment must still remain constant—to record the financial aspects of all financial events, provide internal controls and accountability, and provide the basis for integrated



financial and program management information. At the same time, the trend will continue to be toward the consolidation of service delivery. The CFOs, as owners of the financial business processes, must implement an acquisition strategy for financial systems that fully meets requirements but that also moves forward in step with the larger agency and government-wide strategy. Identifying the applications' services and components across the enterprise will help identify opportunities for shared services.

Financial Applications and Services Performance Goals

Financial management applications and services are the link between financial management and program performance. Financial applications and services that are effective and efficient must do the following:

- ◆ Demonstrate compliance with accounting standards and requirements
- ◆ Provide timely, reliable, and complete financial management information for decision making at all levels of government
- ◆ Meet downstream information and reporting requirements with transaction processing data linked to transaction engines
- ◆ Accept standard information integration and electronic data to and from other internal, government-wide, or private-sector processing environments (interoperability)
- ◆ Provide for “one-time” data entry and reuse of transaction data processing data to support downstream integration, interfacing, or business and reporting requirements
- ◆ Build security, internal controls, and accountability into processes and provide an audit trail
- ◆ Be modular in design and built with reusability as an objective
- ◆ Meet the needs for greater transparency and ready sharing of information
- ◆ Scale to meet internal and external operational, reporting, and information requirements for both small and large entities
- ◆ Evolve to meet changing business needs, policy, and technology.

Financial Applications Types

This section broadly defines the financial applications and services comprising the existing government portfolio of agency and government-wide financial management applications. Identifying the interrelationships and dependencies among financial services assists with strategic planning for

Financial management relies on the applications systems and underlying technology to deliver the information needed to manage all other lines of business and financial system output supports analysis and decision making at every level of the federal enterprise.

the government-wide integration of financial information and services.

Financial applications must integrate common data from multiple services across the enterprise. The primary financial applications types are core financial, subsidiary/feeder, mixed financial, and central agency. They are defined as follows:

- ♦ *Core financial system.* The core financial system is the primary accounting system of record that supports the agency's financial operations, management, and reporting. The functions of the core financial system include General Ledger Management, Funds Management, Payment Management, Receipt Management, Cost Management and Reporting.
- ♦ *Subsidiary/feeder applications.* Subsidiary applications are financial transaction processing applications external, or "subsidiary" to the core financial system, that must "feed" related data to the core financial system to ensure general ledger and funds control. Subsidiary¹¹ applications are distinguished from mixed applications in that they generally perform a component of the core financial system and account for financial transactions, whereas mixed applications support programs but have a financial component. Integration of processes and data between core and subsidiary applications is a critical factor in producing timely and accurate financial management information and accountability. Ownership of the business function, data, and subsidiary system may or may not be within the domain of the Chief Financial Officer. Travel, payroll, billing, and accounts receivable applications are examples of subsidiary/feeder applications.
- ♦ *Mixed financial applications.* Mixed financial applications are program/business support applications that have a financial management component. The financial data in mixed systems must integrate with the agency's general ledger, funds control, and financial reporting by feeding financial data to the agency's core or financial reporting system. Mixed financial systems are generally within the domain of the program/business area versus the CFO; therefore, strategic planning for standardizing data, service delivery, and capital investments must bridge the gap between the financial management domains of the CFO as the financial management business owner and the business/program manager who owns financial management data. Loans, benefits, insurance claims, seized assets, property management, acquisition, and grants are examples of mixed financial applications.
- ♦ *Central agency applications.* Central agency applications provide centralized support for common government-wide business transaction processes and consolidated reporting. Central applications and services are provided by "Central Agencies", including the Department of the Treasury, OMB, and OPM. They support the central agency component of shared agency-central agency business processes. Examples are payments, collections, and consolidated financial statements provided by Treasury (central agency) on behalf of federal program agencies.

¹¹ E.g., "subsidiary" payroll and travel systems process detail (subsidiary) transactions for individuals whereas only summary data is recorded in the core financial system for purposes of general ledger and funds control.

Financial Systems Requirements

The JFMIP Financial Management Systems Requirements Framework describes the core financial, mixed program/financial, subsidiary/feeder, and central agency applications and services requirements that constitute the current financial systems environment. Each of those applications described in the JFMIP portfolio include many services and components that are described in more detail in the JFMIP Financial Management Systems Requirements documents.

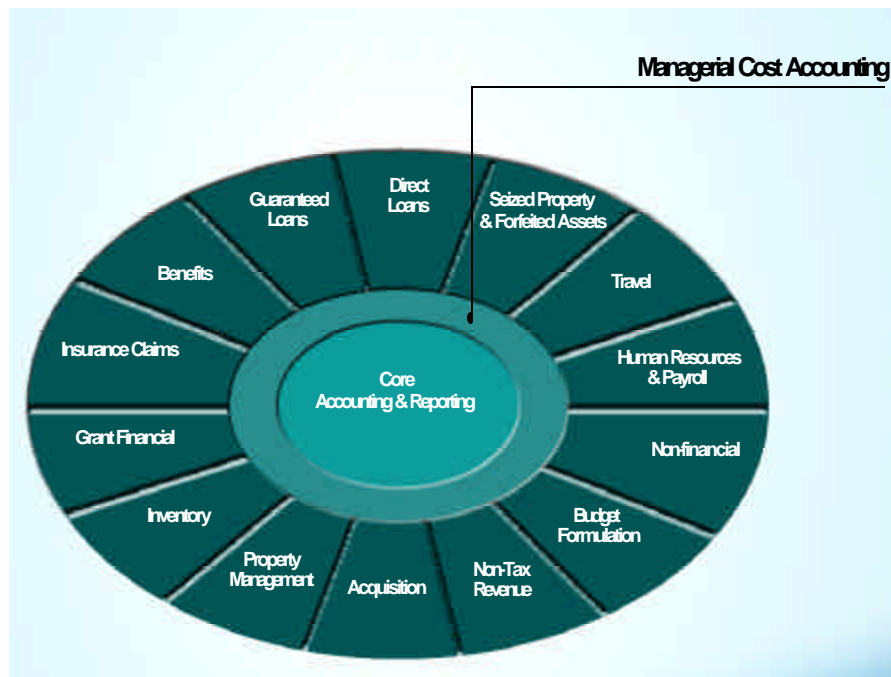
JFMIP Financial Systems Framework (Applications and Services)

The framework overview provides a functional view of the applications and services environment. The financial systems requirements documents included in the framework describe the services, components, and functional requirements for that particular application.

The financial systems requirements documents are organized around services and financial event processing that support various mission and program delivery and represent the “as-is” portfolio of financial systems applications that currently support federal financial management. The requirements documents are based on laws, regulations and standards, and are developed with the consensus of financial and program stakeholders. They are intended to define the accounting standards, standardized business processes, data, and information that financial systems, when implemented, must meet.

Figure 10 illustrates the Framework.

Figure 10. Framework



Financial Management Applications and Services Relationships

Applications Types

Table 1. Application Types

Applications	Core Financial System	Subsidiary Financial System	Mixed Financial/Program System	Decision Support System	Transaction Processing System
Core Financial Systems	X				X
Managerial Cost Accounting Systems				X	
Budget Formulation Systems				X	
Revenue Systems		X			X
Acquisition Systems		X			X
Property Management Systems		X			X
Inventory Systems		X			X
Grants Systems			X		X
Insurance Claims Systems			X		X
Guaranteed Loan Systems			X		X
Direct Loan Systems			X		X
Benefits Systems			X		X
H/R Payroll Systems		X			X
Travel Systems		X			X
Seized and Forfeited Assets Systems			X		X

Core Financial Functions

Table 2. Core Financial Functions

Financial Applications	Core Financial Functions					
	Accounting	Assets and Liabilities	Revenues	Expenses	Assets and Liabilities	Revenues and Expenses
Core Financial Systems	X					X
Financial Reporting Systems	X					X
Non-Financial Systems						
Budget Formulation Systems		X				
Revenue Systems				X		
Acquisition Systems	X					
Property Management Systems					X	
Inventory Systems					X	
Grants Systems	X		X			
Insurance Claims Systems		X	X			
Guaranteed Loan Systems				X	X	
Direct Loan Systems				X		
Benefits Systems		X	X			
H/R Payroll Systems	X		X			
Travel Systems	X					
Seized and Forfeited Assets Systems		X			X	

Table 3. Primary Transaction Processing Accomplished by the Financial Functions

Primary Transaction

Processing Accomplished by the Financial Functions

This table depicts the primary financial transactions processed by the various financial applications depicted by the JFMIP Framework. This chart helps to identify where different financial events may result in the same financial transaction type but processed in different financial systems. The chart may help identify efficiencies in transaction processing by identifying common transactions.

Financial Applications	Primary Transactions										
	Appropriation, Appropriations	Reimbursable Authority	Fund Transfers	Allocations	Advances	Commitment/Obligation	Expenses/Accounts Payable	Disbursement/Payment	Customer orders	Accounts Receivable	Collection
Core Financial	x	x	x	x	x	x	x	x	x	x	x
Managerial Cost Accounting											
Budget Formulation											
Revenue								x	x	x	
Acquisition				x		x	x				
Property Management				x		x	x				
Inventory											
Grants				x	x	x	x				x
Insurance Claims							x				x
Guaranteed Loan			x			x	x	x		x	
Direct Loan						x	x	x	x	x	
Benefits							x				x
H/R Payroll				x			x	x			
Travel				x	x	x	x		x		
Seized and Forfeited Assets			x								x

Managerial Cost Accounting and Budget formulation are decision support systems as opposed to transaction processing systems.

Government-wide Applications Integration

Achieving an integrated financial infrastructure is the key and presents the greatest challenge to achieving the future vision for financial management. Data currently resides in redundant, stovepipe applications that reflect decades-old business processes. The financial environment of the future requires that integrated data and information is continuously available to meet changing and evolving management and program needs. Effective governance and leadership are needed to affect the magnitude of the change required to transition from the current environment to the future vision.

Financial applications must be capable of accepting data from multiple sources in order to meet downstream reporting requirements. Integrating financial applications is dependent upon integrated data, therefore financial applications of the future must be designed with the capabilities to integrate data. In order to support improve accountability and performance, financial data must be pulled from a variety of feeder and mixed applications.

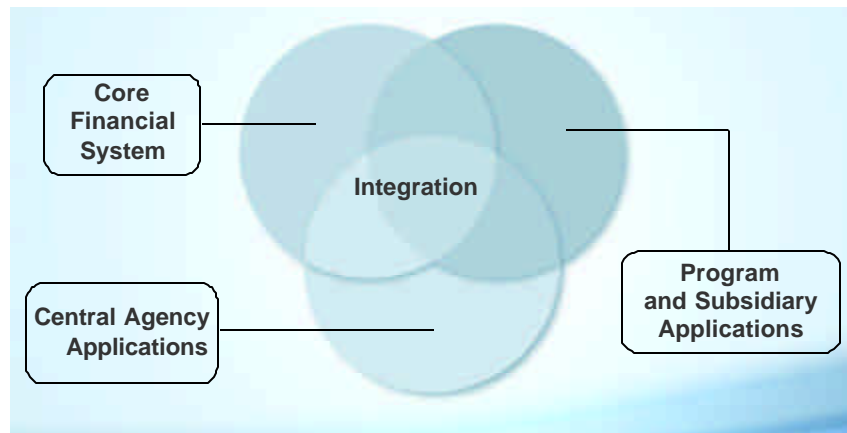
Effective financial applications integration is dependent upon the ability to integrate data. Applications and technology of the future must be designed to improve upon data integration capabilities, however the CFO's, as owners of financial data face a tremendous challenges getting to the desired future environment. Integrated data is facilitated by development of an integrated data model; an architecture that enforces data standards on all entities and components; clear identification of transaction data that must collected and be passed between entities; clear distinction in responsibilities and roles for various entities; and a system of communication of changes. An integrated financial infrastructure requires that data in integrated and easily rolled up at different levels, both with agencies and across the government.

Central agencies play a critical role in integrating standardized data at the enterprise-wide level, and must be reflected in agencies data and information architecture.

Integrated data at the enterprise-wide level (i.e., consolidated financial statements, budget, etc.) will require government-wide use of standard data definitions—both financial and programmatically, efficient standard business processes and applications that consolidate data effectively.

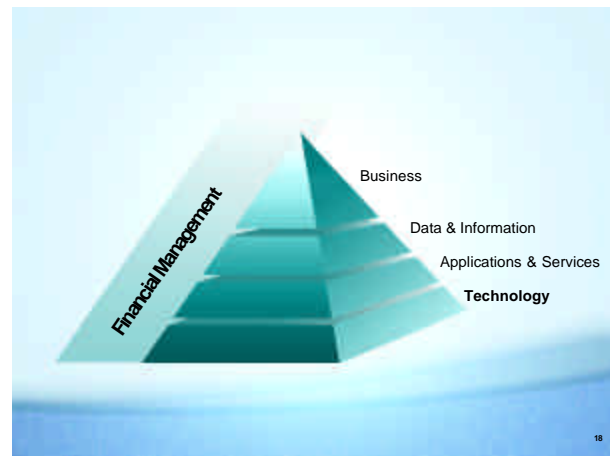
Figure 11 provides an overview of the three primary integration points for financial systems.

Figure 11. Overview of Financial Systems



Chapter 5—Financial Management Technology

This chapter describes the general enabling roles, capabilities, characteristics, and performance outcomes for technology in achieving a vision for a future financial management and systems environment.



Technology Supports for the Vision

The technical architecture that supports financial management applications must be driven by the business needs and performance expectations. The future vision for financial systems technology is to link financial applications, data, and information processes across the enterprise to make financial information readily available for decision support.

Role of Technology in Financial Management

The vision of the future financial management systems environment and the performance outcomes defined earlier are intended to provide useful guidance to providers of financial applications and services. The goal is not a single system, but to evolve from the current environment that is characterized by stove-piped and redundant systems to a single financial infrastructure with standardized applications and services that are supported and enabled by integrated financial management data and information.”

The role of technology in achieving this is to deliver applications and services that are inherently designed to facilitate better integration of business and financial activities through integrated services operating on common data. The emphasis therefore is on developing systems capabilities that enable better integration. Of particular importance are services and components consistent with these directions; capability for enterprise data sharing of all information sources; open architecture to enable a modular implementation approach; enhanced interfaces and mapping to legacy systems; and integrated tools for knowledge management, data mining, and data mapping.

To achieve the vision, we must be able to identify where to consolidate applications, services, and investments. The current policy requires relying on third-party services from private concerns or other agencies and maximizing the use of COTS-based solutions to achieve cost savings and efficiencies. Financial systems must support agency and government-wide goals for systems, including strategies for e-government and consolidated systems.

Roles of the CFO and CIO Partnership in Achieving the Vision

The broader enterprise view and business need should drive enterprise choices. The CFOs, as owners of the financial business and information architecture, are responsible for addressing the business and information framework and ensuring that financial data and information is integrated consistently across the enterprise. The CFOs are responsible for ensuring that the financial information meets the requirements, regardless of where the information originates. Agencies, under CIO leadership and in partnership with CFOs, must have in place an information architecture that establishes how data interrelates.

Performance Goals

Integrated financial management systems must be secure, reliable, available, scalable, accessible, private, and interoperable to effectively achieve or support agency mission and goals:

- ♦ *Security.* The protection of information and information systems from unauthorized access, use, disclosure, disruption, modification, or destruction in order to provide
 - integrity, which means guarding against improper information, modification, or destruction, and includes ensuring information non-repudiation and authenticity;
 - confidentiality, which means preserving authorized restrictions on access and disclosure, including means for protecting personal privacy and proprietary information; and
 - availability, which means ensuring timely and reliable access to users and use of information.
- ♦ *Reliability.* The ability to ensure the integrity and consistency of the application and all of its transactions.
- ♦ *Availability.* The ability to ensure timely and reliable access to a business service, data, information or system resource.
- ♦ *Scalability.* The ability to economically support the required quality of business service as the system load changes.
- ♦ *Accessibility.* The application accessibility through published application program interfaces (APIs) at the application level; also, the physical accessibility to the system through web access, client-server access, File Transmission Protocol (FTP) access, etc. In addition, as required by Section 508 Subpart A 1194.1, the ability of federal employees with disabilities to have access to and use of information and data that are comparable to the access and use by federal employees who are not disabled.
- ♦ *Privacy.* The preservation of authorized access and disclosure restrictions, including means for protecting personal and proprietary information.

- 1122 ♦ *Interoperability*. The ability of software and hardware on different machines from
1123 different vendors to share data.

1124 **Planning and Change Management**

1125 The architecture, technology and financial requirements are not an end state but are
1126 ever changing and staying the course is important. Improvements and investments in
1127 financial systems should be viewed as a continuing executive leadership
1128 responsibility. Communication and partnership between the CFO and CIO in planning
1129 for investments in both new systems and upgrades is critical in that it encompasses
1130 business goals and direction, not just software. The CFOs must bring changing
1131 business requirements into the planning process and CIOs need to know what impact
1132 the financial plans have on the architecture.

1133

Appendix A—Glossary

Term	Definition	Source ¹²
Accounting Classification	A subset of the agency financial information classification. The accounting classification structure provides a means for categorizing financial information along several dimensions as needed to support financial management and reporting functions. The data elements a particular agency includes in its accounting classification structure will depend in part on the implementation strategy for the U.S.SGL, data aggregation requirements for preparation of financial statements under the CFO Act, appropriation structure, and other reporting and management needs of the agency.	JFMIP <i>Core Financial System Requirements</i>
Acquisition	<p>Acquiring by contract of supplies or services (including construction) by and for the use of the Federal government through purchase or lease, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated. Acquisition begins at the point when agency needs are established and includes:</p> <ul style="list-style-type: none"> ➤ the description of requirements to satisfy agency needs, ➤ solicitation and selection of sources, ➤ award of contracts, ➤ contract financing, ➤ contract performance, ➤ contract administration, and ➤ those technical and management functions directly related to the process of fulfilling agency needs by contract, ➤ Contract monitoring and evaluation. 	FAR 2.101 as modified by Team
Acquisition System	All agency resources committed to the acquisition process, including, but not limited to human resources, information hardware and software systems, acquisition process documentation, as well as applicable regulations, policies, procedures and agency-implementing guidance and instruction.	

¹² Sources are provided if available, otherwise the term definition was developed for clarification of terminology.

Term	Definition	Source¹²
Advance	Advances of money by the government to a prime contractor before, in anticipation of, and for the purpose of completed performance under one or more contracts. They are expected to be liquidated from payments due to the contractor incident to performance of the contract. Since they are not measured by performance, they differ from partial, progress, or other payments based on the performance or partial performance of a contract. Advance payments may be made to prime contractors for the purpose of making advances to subcontractors.	JFMIP Core Financial System Requirements
Agency Single Integrated Financial Management System	A unified set of financial systems and the financial portions of mixed systems (e.g., acquisition) encompassing the software, hardware, personnel, processes (manual and automated), procedures, controls, and data necessary to carry out financial management functions, manage the financial operations of the agency, and report on the agency's financial status to central agencies, Congress, and the public.	OMB Circular A-127
Allotment	Authority delegated by the head or other authorized employee of an agency to agency employees to incur obligations within a specified amount, pursuant to OMB apportionment or reappportionment action or others statutory authority making funds available for obligation.	JFMIP Core Financial System Requirements

Term	Definition	Source ¹²
Anti-Deficiency Act	<p>Enacted legislation that:</p> <ul style="list-style-type: none"> ➤ prohibits the making of expenditures or the incurring of obligations prior to appropriations; ➤ prohibits the incurring of obligations or the making of expenditures in excess of amounts available in appropriation or fund accounts unless specifically authorized by law; ➤ requires agencies to apportion appropriated funds and other budgetary resources; ➤ requires a system of administrative controls within each agency; ➤ prohibits incurring any obligation or making any expenditure in excess of an apportionment or reapportionment or in excess of other subdivisions; ➤ specifies penalties for anti-deficiency violations; ➤ requires apportionment of appropriation or fund accounts to prevent the need for supplemental or deficiency appropriation; and ➤ assists in bringing about the most effective and economical use of appropriations and funds. 	
Appropriation	<p>A provision of law (not necessarily an appropriations act) authorizing the expenditure of funds for a given purpose. Usually, but not always, an appropriation provides budget authority.</p>	<p>JFMIP <i>Core Financial System Requirements</i></p>
Budget Authority	<p>The authority provided by law to incur financial obligations that will result in outlays. Specific forms of budget authority include appropriations, borrowing authority, contract authority, and spending authority from offsetting collections.</p>	<p>OMB Circular A-34, 2000</p>
Budget Execution	<p>Includes funds control and provides features to record, distribute, and control budget authority and spending in accordance with the provisions of OMB Circular A-34, Instructions on Budget Execution. Budget execution provides the ability to track the effects of financial events on the sources and uses of budgetary resources authorized by the President and Congress. Its primary purpose is to ensure that spending does not exceed funds appropriated or authorized. It supports the self-balancing relationships of the budgetary accounts in the general ledger to maintain financial data integrity.</p>	<p>(1995 Framework)</p>

Term	Definition	Source¹²
Budget Formulation	The annual cycle wherein budget estimates are developed (formulated) within every agency, submitted to the Office of Management and Budget (OMB) for review, transmitted by the President to the Congress, and tracked through the Congressional appropriations process.	(1995 Framework)
Capital planning and investment control (CPIC)	CPIC is the same as capital programming and is a decision-making process for ensuring that information technology (IT) investments integrate strategic planning, budgeting, procurement, and the management of IT in support of agency missions and business needs. The term comes from the Clinger-Cohen Act of 1996 and generally is used in relationship to IT management issues.	OMB Circular A-11 <i>Preparing, Executing, and Submitting the Budget</i>
Capital planning and investment control process	A management process for ongoing identification, selection, control, and evaluation of investments in information resources. The process links budget formulation and execution, and is focused on agency missions and achieving specific program outcomes.	OMB Circular A-130 <i>Management of Federal Information Resources</i>
Cash Management	Supports the analysis of agency collections, deposit activity, disbursements, investments, and foreign currency transactions and balances, including cash held outside of fund balances with the Department of the Treasury for agency cash management purposes. It also provides information to the Department of the Treasury for management of the cash position of the Federal government as a whole. This is accomplished by managing the equation: Beginning of Year Balance of Cash + Sources of Cash - Uses of Cash = End of Year Balance of Cash. This identifies the impact of obtaining and using resources on the cash position of the agency and the federal government.	(1995 Framework)
Claim	A written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of contract terms, or other relief arising under or relating to the contract.	<i>Glossary of Acquisition Terms</i>
Commitment	The amount of allotment or sub-allotment in anticipation of an obligation.	JFMIP Core Financial System Requirements

Term	Definition	Source¹²
Core Financial System	An integral part of an agency's single integrated financial management system. It controls and supports the key functions of an agency's financial management, including general ledger management, funds management, payment management, receipt management, cost management, and reporting. The core financial system receives data from all other financial and mixed systems and from direct user input, and it provides data and supports processing for those systems that need it.	JFMIP <i>Core Financial System Requirements</i>
Cost Accounting	Supports the captures of costs for managerial and other purposes such as establishing fee/rate/price structures to cover costs by establishing cost objectives and performing cost analyses and comparisons. Cost accounting and performance measurement, when coordinated, will provide management with a more complete picture of operations. Cost accounting provides the ability to track the effects of financial events on the cost of activities of the federal government and to distribute those costs within and between agencies to reflect the full costs of government activities. Balance is maintained by ensuring that Costs Accumulated = Costs Distributed.	(1995 Framework)
Cost Center	A logical grouping of one or more related activities and/or organizational units into a common pool for the purpose of identifying the cost incurred for performing all of those activities.	JFMIP <i>Core Financial System Requirements</i>
Deposit Funds	Supports accounts held outside the budget that record amounts held temporarily until ownership is determined (such as earnest money paid by bidders for mineral leases) or held by the government as agent for others (such as state and local taxes withheld from federal employee salaries). Funds in these accounts serve to finance the costs of government operations and federal assistance.	(1995 Framework)
Disbursement	Payment made using cash, check, or electronic transfer. Disbursements include advances to others as well as payments for products and services received and other types of payments made.	JFMIP <i>Core Financial System Requirements</i>

Term	Definition	Source¹²
Disbursing Authority	Authority to disburse public money to officers and employees of other Federal agencies in accordance with 31 U.S.C. § 3321(b).	I TFM 4-10000
Electronic Funds Transfer	A transfer transaction instruction given to the Federal Reserve System to execute an outlay or disbursement.	
E-government (E-gov)	E-gov is the use by the government of web-based Internet applications and other information technologies, combined with processes that implement these technologies.	OMB Circular A-11 <i>Preparing, Executing, and Submitting the Budget</i>
Enterprise Architecture	A strategic information asset base that defines the business, information necessary to operate the business, technologies necessary to support the business operations, and transitional processes for implementing new technologies in response to the changing needs of the business.	Federal Enterprise Architecture Framework, V.1.1, Federal CIO Council, September 1999
Expenditure	See Outlay	
Expense	The outflow of assets or incurrence of liabilities during a period resulting from rendering services, delivering or producing products, or carrying out other normal operating activities.	JFMIP <i>Core Financial System Requirements</i>
FASAB	The Federal Accounting Standards Advisory Board, established to recommend Federal accounting principles and standards to the Director of OMB, Secretary of the Treasury, and the Comptroller General.	(1995 Framework)

Term	Definition	Source ¹²
Federal Enterprise Architecture	<p>To facilitate efforts to transform the Federal Government to one that is citizen-centered, results-oriented, and market-based, the Office of Management and Budget (OMB) is developing the Federal Enterprise Architecture (FEA), a business-based framework for Government-wide improvement.</p> <p>The FEA is being constructed through a collection of interrelated “reference models” designed to facilitate cross-agency analysis and the identification of duplicative investments, gaps, and opportunities for collaboration within and across Federal Agencies. These models are defined as:</p> <p>Business Reference Model (BRM) Performance Reference Model (PRM) Data and Information Reference Model (DRM) Service Component Reference Model (SRM) Technical Reference Model (TRM)</p>	Federal Enterprise Architecture Program Management Office website (www.feapmo.gov)
Federal Enterprise Architecture Business Reference Model (BRM)	<p>The BRM is a function-driven framework for describing the Lines of Business and internal functions performed by the Federal Government independent of the agencies that perform them.</p> <p>The BRM serves as the business layer of the Federal Enterprise Architecture (FEA). It provides a foundation on which the applications, data, and technology layers of the FEA are developed.</p> <p>Agency Capital Asset Plans (Exhibit 300s) will be mapped against this framework to identify opportunities for cross-agency collaboration and potential system redundancies.</p>	OMB Circular A-11 <i>Preparing, Executing, and Submitting the Budget</i>
Federal Enterprise Architecture Framework	<p>The Federal Enterprise Architecture Framework (FEAF) provides an organized structure and a collection of common terms by which Federal segments can integrate their respective architectures into the Federal Enterprise Architecture.</p>	Federal Enterprise Architecture Framework, V.1.1, Federal CIO Council, September 1999
Federal Agency	<p>Any executive agency or any independent establishment in the legislative or judicial branch of the government (except the Senate, the House of Representatives, the Architect of the Capitol, and any activities under the Architect’s direction).</p>	FAR 2.101

Term	Definition	Source¹²
Federal Wire Transfer	An electronic transfer system developed and maintained by the Federal Reserve. The system connects Federal Reserve Banks, the Treasury and government agencies, and depository institutions, which maintain an account at an FRB. The Treasury Fedwire Deposit System (FDS) is a computer-to-computer link between Treasury and the Federal Reserve Bank of New York (FRBNY). This system provides the capability for: (1) automated receipt and processing of funds transfers and (2) computer-assisted generation of funds transfers between Treasury, FRBs, and other banks utilizing Fedwire .	I TFM 5-4500
Fee and Other Revenue Generation	Collection of receipts and other amounts resulting from the powers of government other than taxation including the following: deposits of earnings from the Federal Reserve System; fees for permits, regulation, and judicial services; fines, penalties, and forfeitures; gifts and contributions; interest, dividends, rent and royalties; sale of products, services, and property; and other sources.	(1995 Framework)
Financial Accounting	Provides the ability to track the effects of financial events on the financial position of the federal government and results of operations. This is accomplished through managing the basic accounting equation: Assets - Liabilities + Net Position. This function provides an overall accountability infrastructure to ensure that transactions are reported accurately and that consistent definitions are used in recording transactions.	(1995 Framework)
Financial Event	Any occurrence having financial consequences to the Federal government related to the receipt of appropriations or other financial resources; acquisition of goods or services; payments or collections; recognition of guarantees, benefits to be provided, or other potential liabilities; or other reportable financial activities.	(1995 Framework)

Term	Definition	Source¹²
Financial Management Systems	Financial systems and the financial portions of mixed systems necessary to support financial management, including manual or automated processes, procedures, controls, hardware, software and support personnel. Financial systems include an information system, comprised of one or more applications, that is used for (A) collecting, processing, maintaining, transmitting or reporting data about financial events; (B) supporting financial or budgeting activities; (C) accumulating and reporting cost information, or: (D) supporting the preparation of financial statements.	Federal Financial Management Improvement Act (FFMIA)
Financial System	An information system, comprised of one or more applications, that is used for any of the following: collecting, processing, maintaining, transmitting, and reporting data about financial events; supporting financial planning or budgeting activities; accumulating and reporting cost information; or supporting the preparation of financial statements. A financial system supports the financial functions required to track financial events, or provide financial information significant to the financial management of the agency, and/or required for the preparation of financial statements. A financial system encompasses automated and manual processes, procedures, controls, data, hardware, software, and support personnel dedicated to the operation and maintenance of system functions. A financial system may include multiple applications that are integrated through a common database or are electronically interfaced, as necessary, to meet defined data and processing requirements.	FFMIA; OMB Circular A-127
Fiscal Year	The government's accounting period. It begins on October 1 and ends on September 30, and is designated by the calendar year in which it ends.	OMB Circular A-34
Funds Certification	The process of affirming that funds or budget authority is available for potential purchases of products or services. It is part of the funds control process that reserves funds in anticipation of an obligation.	
Grants and Subsidies	Providing grants (including Medicaid, highway construction, and social services block grants) and subsidies (such as for farm price supports and low income housing, but excluding loan subsidies) made to state and local governments, other non-federal organization, or individuals.	(1995 Framework)

Term	Definition	Source¹²
Hardware System	Two or more individual items (equipment components) that are part of a self-contained group; are joined physically, electronically, or electromechanically; are programmed or designed specially to rely on each other; cannot function independently if separated; and cannot be easily disconnected and reconfigured to function with or within another unit or "system".	JFMIP <i>Property Management Systems Requirements</i>
Head of the Agency (also called Agency Head)	The Secretary, Attorney General, Administrator, Governor, Chairperson, or other chief official of an executive agency, unless otherwise indicated, including any deputy or assistant chief official of an executive agency.	FAR 2.101
Information System	A discrete set of information technology, data, and related resources, such as personnel, hardware, software, and associated information technology services organized for the collection, processing, maintenance, use, sharing, dissemination or disposition of information.	OMB Circular A-11 <i>Preparing, Executing, and Submitting the Budget</i>
Information Technology	Any equipment, or interconnected system(s) or subsystem(s) of equipment, that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by the agency.	FAR 2.101
Insurance	Payment of insurance claims under deposit insurance, pension benefit guarantees, crop insurance, and other government programs in which the government provides protection to individuals or entities against specified risks.	(1995 Framework)
Interface Requirement	A need for information, such as data requirements, reporting needs, internal controls, or edit requirements, required by the acquisition and finance functions as a result of transactions within the single integrated financial management system.	
Internal Control	Plan of organization, methods, and procedures adopted by management to ensure that (1) resource use is consistent with laws, regulations, and policies; (2) resources are safeguarded against waste, loss, and misuse; and (3) reliable data are obtained, maintained, and fairly disclosed in reports.	GAO Standards for Internal Control

Term	Definition	Source¹²
Intra-governmental Collections	Collection of amounts from other federal entities, such as interest paid by Treasury on public debt securities held by trust funds and other government accounts, the employer share of federal employee retirement, the general fund subsidy of the supplementary medical insurance, and reimbursements paid by one federal agency to another.	(1995 Framework)
Inventory Management	Management and administrative activities associated with inventory and related property.	(1995 Framework)
Lease	A contract granting occupation or use of property during a certain period in exchange for a specified rent.	<i>Webster's II New Riverside University Dictionary</i>
Liability	Assets owed for items received, services received, assets acquired, construction performed (regardless of whether invoices have been received), an amount received but not yet earned, or other expenses incurred. Liabilities include (1) amounts owed for products in the hands of contractors under the constructive delivery concept (when an agency, the seller, meets long-term contract obligations) and (2) amounts owed under grants, pensions, awards, and other indebtedness not involving the furnishing of products and services.	
Loans	Providing direct loans or loan guarantees. Direct loans are loans issued by the agency to a borrower, who then repays the loan to the agency. Guaranteed loans are loans issued by a third-party lender to a borrower with the repayment of the loan guaranteed by the government. In cases where the borrower defaults on a guaranteed loan, the agency pays the lender all or a portion of the loan, depending on the guaranteed loan program rules.	(1995 Framework)
Mixed System	An information system that supports both financial and non-financial functions of the Federal government or components thereof.	OMB Circular A-11 <i>Preparing, Executing, and Submitting the Budget</i>

Term	Definition	Source¹²
Non-financial system	An information system that supports non-financial functions of the Federal government or components thereof and any financial data included in the system are insignificant to agency financial management and/or not required for the preparation of financial statements.	OMB Circular A-11 <i>Preparing, Executing, and Submitting the Budget</i>
Object Classification	A method of classifying obligations and expenditures according to the nature of services or articles procured, e.g., personal services, supplies and materials, and equipment. Obligations are classified by the initial purpose for which they are incurred, rather than for the end-product or service provided. OMB Circular A-11 provides current object classifications for reporting budget estimates to OMB. Many agencies have defined lower levels of object classification for internal use.	OMB Circular A-11
Organization Code	A code representing the offices, divisions, branches, etc., established within an entity based on responsibility assignments, whether functional or program related; can also reflect the distribution of operating plans or other funding.	
Payment	A government disbursement of monies to any payee, including vendors, employees, private citizens, state, local and foreign governments) in accordance with contract terms. The payment management function consists of the following processes: payee information maintenance, payment warehousing, payment execution, and payment confirmation and follow-up.	
Personnel	Collects and maintains data related to the employment process, including position control, payroll information, employer share of benefits, retirement contributions and pension benefits, and other retirement and post-employment benefits.	(1995 Framework)
Program	Generally defined as an organized set of activities directed toward a common purpose or goal, undertaken or proposed by an agency in order to carry out its responsibilities. In practice, however, the term has many uses and thus does not have a well-defined, standard meaning in the legislative process. It is used to describe an agency's mission, programs, functions, activities, services, projects, and processes.	JFMIP <i>Core Financial System Requirements</i>

Term	Definition	Source¹²
Program Code	A code to which expenses incurred or assets acquired relate to a program.	JFMIP <i>Core Financial System Requirements</i>
Project Code	A code to which expenses incurred or assets acquired relate. A project is a planned undertaking of something to be accomplished, produced, or having a finite beginning and finite end. Examples are a construction project or a research and development project. Project code is also referred to as job code in some organizations.	JFMIP <i>Core Financial System Requirements</i>
Property Management	Management and administrative activities associated with real property and personal property.	(1995 Framework)
Public Debt	Issuance and redemption of debt securities to and from the public and government accounts, and the payment of interest thereon.	(1995 Framework)
Revenue Source Code	Identifies and classifies the types of revenue and receipts as defined by the user. For example, categories could be rental income, sales by product type, income by type of service performed and others.	JFMIP <i>Core Financial System Requirements</i>
Software	The application and operating system programs, procedures, rules, and any associated documentation pertaining to the operation of a computer system.	JFMIP <i>Property Management Systems Requirements</i>
Standard General Ledger	A uniform list of accounts and support transactions that standardizes Federal agency accounting and supports the preparation of standard external reports. The U.S. Government Standard General Ledger Chart of Accounts (1) provides control over all financial transactions and resource balances, (2) satisfies basic reporting requirements of OMB and Treasury, and (3) integrates proprietary and budgetary accounting.	
Taxation	Collection of receipts under the taxing powers of the government, such as income, excise, and social security taxes and customs duties.	(1995 Framework)
Trading Partner	A customer, contractor, or service provider (such as a bank, hospital, or manufacturer) that conducts business with another organization.	

Term	Definition	Source¹²
Trading Partner Code	Codes assigned by the Department of the Treasury, Financial Management Service (FMS) to certain Federal agencies to facilitate disbursement, reconciliation, and other activity/reporting by FMS.	
Transfer Payments	Payment of social insurance benefits (such as social security, Medicare, supplemental security income, and unemployment compensation) and other payments to individuals that are not made in exchange for the provision of goods and services (such as food stamps).	
Transaction Type	Type of accounting transaction processed. For example, partially liquidating obligation or fully liquidating obligation.	
Vendor	Any person, organization, or business concern engaged in a profession, trade, or business, and any not-for-profit entity operating as a contractor (including State and local governments and foreign entities and foreign governments, but excluding Federal entities).	5 CFR, Chapter III, Sec. 1315

Appendix B—Laws and Regulations

Federal Statutes

Appropriations Law

Fundamental, long-standing statutes deal with the appropriation of monies to agencies from Congress, including the appropriate use and control of these monies. These statutes deal with the purpose, amount, and time of appropriations, as well as the availability of the associated monies. The following summary provides specific citations to these statutes, their common names, and their requirements.

Federal Managers' Financial Integrity Act of 1982

The Federal Managers' Financial Integrity Act (FMFIA) of 1982 amended the Accounting and Auditing Act of 1950 to require ongoing evaluations and reports of the adequacy of the systems of internal accounting and administrative control of each executive agency.

The FMFIA requires Agency heads to establish controls that reasonably ensure:

- ◆ obligations and costs are in compliance with applicable law
- ◆ funds, property, and other assets are safeguarded against waste, loss, unauthorized use or misappropriation
- ◆ revenues and expenditures are properly recorded and accounted for.

OMB Circular A-123 is the primary vehicle for implementing FMFIA in the executive branch. (OMB revised Circular A-123 in 1995 to incorporate ideas from subsequent management legislation, such as the Chief Financial Officers Act.) The circular provides guidance on improving the accountability and effectiveness of federal programs and operations by establishing and reporting on management controls.

Prompt Payment Act of 1982 and Amendments of 1996

The Prompt Payment Act (PPA), and related amendments, encourages government managers to improve their bill-paying procedures. It provides for the use of interest penalties against the operating budgets of programs when managers fail to pay bills on time. These penalties also are used to compensate businesses when payments are late. The PPA generally requires agencies to

- ◆ make vendor payments within 30 days from the date of submission of a properly prepared invoice and
- ◆ pay interest at a rate established by the Secretary of the Treasury for amounts that are not paid on time.

OMB provides PPA implementation guidance to agencies in the Prompt Payment Final Rule (formerly OMB Circular A-125), which specifies basic time frames for proper payment of obligations. It also requires agencies to have defined payment processes in place and to provide results data to OMB for government-wide reporting purposes.

Chief Financial Officers Act of 1990 and Government Management Reform Act of 1994

The Chief Financial Officers Act of 1990 laid the foundation for significant financial management reform in the federal government. The Act emphasizes strong financial leadership, improved systems of accounting, financial management and internal controls, and reliable financial information. A key element of the Act is the requirement for federal agencies to produce audited financial statements. The Government Management Reform Act (GMRA) expanded financial statement audit coverage to include Department-wide and Government-wide audited financial statements.

The CFO Act mandates three actions:

- ◆ Strong financial management leadership: The CFO Act established, in OMB, the Deputy Director for Management and the Office of Federal Financial Management, and created chief financial officer positions in major agencies to provide financial management direction.
- ◆ Enhanced financial management systems: The CFO Act mandates that agency CFOs develop and maintain agency financial management systems that comply with applicable accounting principles, standards, and requirements, internal control standards, and requirements of OMB and Treasury.
- ◆ Improved financial information: by requiring agency CFOs to maintain systems that report cost information, integrate accounting and budgeting, and systematically measure performance, the CFO Act emphasizes improved reliability and usefulness of agency financial information. Most importantly, the CFO Act requires that financial statements be prepared and audited.

Government Performance and Results Act of 1993

The Government Performance and Results Act (GPRA) of 1993 holds federal agencies accountable for achieving program results and requires them to identify missions, set goals, measure performance, and report on their accomplishments.

Under GPRA, each federal agency must develop and submit a multi-year strategic plan, which contains the agency's mission statements and long-term strategic goals. Agencies must also submit annual performance plans, which include performance goals linked to the budget and indicators of how performance will be measured. Annual performance reports, also required under the Act, provide information on the extent to which the agency met its annual performance goals.

Federal Financial Management Improvement Act of 1996

The Federal Financial Management Improvement Act (FFMIA) of 1996 requires agencies to implement and maintain systems that substantially comply with (1) Federal accounting standards, (2) the Standard General Ledger (SGL) at the transaction level, and (3) Federal financial management systems requirements. In addition, the FFMIA requires agencies' auditors to report whether agency systems comply with FFMIA's systems requirements. Agencies that determine their systems do not substantially comply must develop and submit remediation plans to OMB.

To comply with federal financial management system requirements, OMB implementation guidance requires that systems meet the Circular A-127 requirements, JFMIP's Federal Financial Management Systems Requirements, and Circular A-130, Appendix III.

Debt Collection Act of 1982 and Debt Collection Improvement Act of 1996

The Debt Collection Improvement Act (DCIA) is an extension of the Debt Collection Act. The purpose of these Acts is to require proper collection of debts, to authorize the compromise or suspension of some debts, and to authorize the use of certain collection tools that are available in the private sector. The use of electronic payment and offset methods is required.

Clinger-Cohen Act of 1996

The purpose of the Clinger-Cohen Act is to improve the productivity, efficiency, and effectiveness of federal programs through improved acquisition, use, and disposal of information technology resources. Among other provisions, the law

- ◆ requires agencies to base decisions about IT investments on quantitative and qualitative factors associated with costs, benefits, and risks and use performance data to demonstrate how well the IT expenditures support improvements to agency programs;
- ◆ streamlines IT acquisition and encourages smaller, modular IT acquisition projects;
- ◆ requires the appointment of a Chief Information Officer (CIO), reporting to the agency head, and assigns specific responsibilities to the CIO; and
- ◆ assigns agency CIOs the responsibility of developing, maintaining, and facilitating implementation of a sound and integrated information technology architecture for the agency.

The Act defines the IT architecture as an integrated framework for evolving or maintaining existing (and acquiring new) information technology to achieve the agency's strategic and information resource management goals. The Clinger-Cohen Act is implemented in part by OMB Circular A-130, which also implements other legislation.

Federal Information Security Management Act of 2000 ([*Public Law 106-398*](#))

The Federal Information Security Management Act reiterates security requirements contained in existing OMB policies and in Federal laws such as the Computer Security Act of 1987, the Paper Reduction Act of 1995, and Clinger-Cohen Act of 1996. The Act mandates that all federal agencies conduct annual agency program reviews and annual independent evaluations for both unclassified and national security programs.

Reports Consolidation Act of 2000

This Act gives OMB the authority to combine financial reports to the President and Congress that contains performance and accountability information.

E-government Act of 2002 ([*Public Law No: 107-347*](#))

The E-government Act of 2002 aims to enhance the management and promotion of electronic government services and processes by establishing a Federal Chief Information Officer within the Office of Management and Budget, and by establishing a broad framework of measures that require using Internet-based information technology to enhance citizen access to government information and services, and for other purposes.

Regulatory Guidance

OMB Circular A-11, Preparing, Submitting, and Executing the Budget (Revised 7/25/2003)

OMB made major revisions to A-11 that merged the budget formulation and execution guidance to reinforce the requirement for agencies to integrate budget and performance and to improve the quality of their financial information. In addition, A-11 contains new guidance on managing physical and financial assets.

OMB Circular A-123, Management Accountability and Control (or Successor Documents) (6/21/1995)

This circular, which is the primary OMB guidance for FMFIA, is described in the section that relates to that act.

Prompt Payment Final Rule (Formerly OMB Circular A-125, Prompt Payment) (9/29/1999)

The Final Rule, the primary OMB guidance for PPA, is described in the section related to the specific act.

OMB Circular A-127, Financial Management Systems (or Successor Documents) (7/23/1993)

This circular augments FFMIA by specifically mandating that federal agencies implement integrated core accounting and financial management systems. To be fully integrated, the system must address

- ♦ standard data classification (both data and format),
- ♦ common processes for handling similar accounting events,
- ♦ consistent internal control mechanisms, and
- ♦ elimination of duplicate transaction entry.

Circular A-127 also prescribes policies and standards for agencies to follow in developing, operating, evaluating, and reporting on financial management systems generally. It incorporates, by reference, Circulars A-123 and A-130, as well as all federal financial management systems requirements published by JFMIP.

OMB Circular A-130, Management of Federal Information Resources (11/28/2000)

OMB re-issued Circular A-130 in revised form in December 2000 as Transmittal Memorandum No. 4. The expanded version of A-130 provides guidance on the Paperwork Reduction Act, the Clinger-Cohen Act, the CFO Act, and others. This includes the requirement for all electronic systems, including financial management systems, to have a defined association with the agency's enterprise architecture.

The circular provides specific guidance on collecting and managing information and records management, including

- ♦ electronic information collection,
- ♦ provision of information to the public,
- ♦ information dissemination systems, and
- ♦ information safeguards.

It further mandates agencies to establish a capital planning and investment control process (CPIC) that links information technology investments to improved mission performance. The CPIC also establishes the links among agency processes including strategic planning, IT planning, enterprise architecture integration, performance planning, financial management planning pursuant to the Chief Financial Officers Act of 1990, and budget formulation and execution. Specifically, sections of A-130 cover these four areas:

- ♦ *Capital planning and investment control* processes must be followed and documented by all agencies. These processes, stemming from Clinger-Cohen, must integrate IRM strategic and performance plans, financial management

plans, the agency's IT enterprise architecture, and its budget. The agency's process for capital planning and investment control should include an IRM strategic plan, an IT capital plan, and an IT investment portfolio as described in OMB Circular A-11, the annual budget circular.

- ◆ *Enterprise architecture* framework and planning processes require an agency to document (and submit to OMB) its current and target IT architecture and related support strategies, transition roadmaps, and IT and security standards, as well as a summary of the information services used throughout the agency. The enterprise architecture framework anticipated by A-130 is driven by the business needs of the agency and is composed of layers complying with the Federal Enterprise Architecture Framework (FEAF) developed by the CIO Council.¹³
- ◆ *Ensuring security in information systems* is accomplished by explicitly incorporating security into the enterprise architecture and life-cycle planning for systems, and ensuring that security supports the agency's business operations. The agency's security plan must comply with the procedures and policies outlined in Appendix III to A-130, Security of Federal Automated Information Resources, and guidance provided by the National Institute of Standards and Technology (NIST). Independent advice and comment on the security plan must be solicited prior to the plan's implementation.
- ◆ *Information technology acquisition* requires the use of adequate competition in contracting, allocating risk between the government and the contractor, and maximizing the return on investment. Major information systems should be structured into useful segments with narrow scope and brief duration. Off-the-shelf software should be used unless analysis clearly documents other approaches are more effective.

Statements of Federal Financial Accounting Standards

The FASAB was created in 1990 to develop and recommend Statements of Federal Financial Accounting Standards (SFFASs) for use by the federal government. The growing body of SFFASs promulgated by OMB and GAO as a result of FASAB recommendations is considered to be Federal Generally Accepted Accounting Principles, or Federal GAAP.

The accounting standards that have resulted from FASAB's work are central to effectively meeting financial management improvement goals of the CFO Act and other legislation. In particular, FASAB's standards for managerial cost accounting, as described in SFFAS 4, are a primary source of guidance. This and other FASAB standards foster financial information and reporting that is understandable, relevant, and reliable concerning the financial position, activities, and results of operations for the federal government and its departments and agencies. Furthermore, the standards prescribe accounting systems and internal controls that help demonstrate that federal programs are conducted in compliance with laws and regulations.

¹³ The FEAF layers describe and link business processes, information flows, applications, data descriptions and relationships, and technology infrastructure.

Appendix C—Department of the Treasury, Financial Management Service Inter-relationships

This section describes the central agency view of the Federal financial management business. An important prerequisite to developing the financial management business “segment” of the Federal Enterprise Architecture is articulating the primary interdependent agency to central agency business processes that support agency program execution and operations. Those processes include Government-wide Accounting, Debt Collection, Collections, and Payments.

Government-wide Accounting

GWA provides accurate, accessible and timely government-wide financial information and reports which contribute to improved quality of the nation’s financial decision making. The Constitution requires the Secretary of the Treasury to report to the President, the Congress, and the people on the financial condition of the Federal Government. GWA encompasses four sub-processes: Management of the federal government’s cash; Accounting and funds control for receipts, outlays, appropriations, transfers and other internal activities; Preparation of Consolidated Financial statements of the U.S. Government; and Issuance of detailed accounting guidance for agency use through the U. S. Standard General Ledger. There are many inter-dependent relationships among these four areas.

Management of the Federal government’s cash

The U.S. is like any other financial entity in that it must manage its cash flows to ensure that it remains solvent. The potentially catastrophic impact of failure; however, makes the job critically important. GWA works closely with the Office of the Fiscal Assistant Secretary and the Federal Reserve Bank to manage the cash of the Federal Government in the most efficient manner. The amount of cash at the end of the last three fiscal years averaged \$110 billion. “CashTrack” is the primary system involved and The Daily Treasury Statement is the primary output.

Accounting and funds control for receipts, outlays, appropriations, transfers and other internal activities

In addition to helping to manage the Federal Government’s cash, GWA must also track financial activity at a much lower level of detail. In the Federal system of checks and balances, the Congressional “Power of the Purse” is the most important check on presidential power. The Congress determines for what the executive branch will obligate funds, when the funds may be obligated, and how much is available. GWA’s central accounting function helps to manage cash as discussed above, and also classifies financial activity into a system of detailed accounts against which agencies must report. The reports based on these detailed classifications allow the Congress to exercise its power of the purse, and provide useful information for financial managers and the public. It is this system, for example, that provides reports on the Federal surplus or deficit. The Monthly Treasury Statement, and the Combined Statement of Receipts, Outlays, and Balances of the United States Government are the major outputs from the central accounting function, and there is a constant flow of data

between program agencies and the central accounting system. “GOALS”, “IPAC”, and “FACTS II” are some of the systems used for data communication.

Preparation of Consolidated Financial Statements of the U.S. Government

The Government Management Reform Act of 1994 dramatically increased attention on the third area of GWA activity, the preparation of business-type financial statements for the U. S. Government on the accrual basis. The law requires Treasury to prepare and the General Accounting Office (GAO) to audit consolidated financial statements of the executive branch beginning with Fiscal Year 1997 reporting. In 1990, Congress passed the Chief Financial Officers Act and created the Federal Accounting Standards Advisory Board. The decade of the 1990s saw a revolution in Federal accounting as agencies implemented the FASAB standards and worked toward clean audit opinions.

Issuance of detailed accounting guidance for agency use through the U. S. Standard General Ledger

GWA is responsible for maintaining the United States Standard General Ledger (USSGL). GWA has built two major data collection systems, FACTS I and FACTS II, which are able to accept direct feeds from the accounting systems of agencies that use the USSGL.

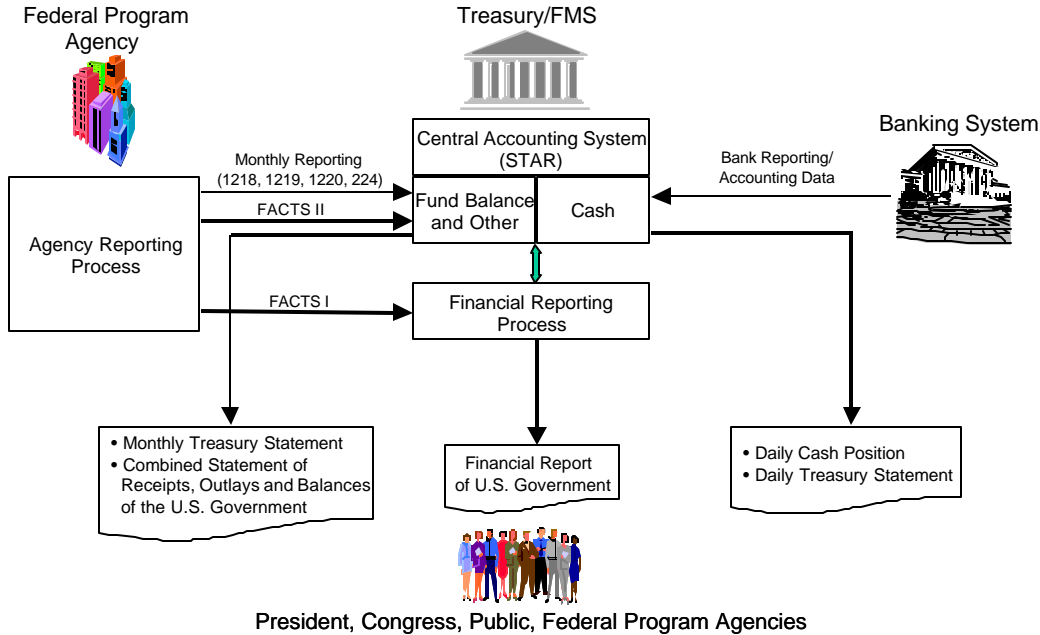
Stakeholders

Stakeholders for Government-wide accounting include:

- ♦ Congress, the President, and the Public.
- ♦ All Federal agencies use GWA to monitor their fund balance, collections and receipts.
- ♦ The Federal Reserve Banks and many financial institutions partner with GWA in operating systems and in using GWA information.

Figure 12 illustrates FMS's Government-wide Accounting “Business”.

Figure 12. Financial Management Service Government-wide Accounting



Debt Collection

The Debt Collection process supports the provisions of the Debt Collection Improvement Act of 1996 to maximize collection on government delinquent debt by providing efficient and effective centralized debt collection services. The key business processes for the Debt Collection Business Line are the Treasury Offset Program and the Cross-Servicing Program.

Treasury Offset Program

The Treasury Offset Program (TOP) matches outgoing federal payments against delinquent debts maintained in the TOP system. A variety of debts from a number of different organizations are referred to the TOP system including federal non-tax debts, federal tax debts, state income tax debts, and Child Support debts. Currently there are a number of federal payments that can be offset including tax refund payments, federal retirement payments, federal salary payments, vendor payments and some benefit payments.

If a payee's name and his/her Taxpayer Identification Number (TIN) match a debtor's name and TIN, the TOP system offsets some or all of the payment to pay down the debt. The payee is then mailed a notice indicating that their payment has been offset to pay their delinquent debt. If the total payment was not offset, the remaining amount will be sent to the payee. The TOP system updates the debtor's balance, and then sends the amount of the offset to the creditor agency that is owed the debt.

Cross-Servicing Program

The Cross-Servicing Program is the federal government's centralized debt collection program. Federal non-tax debts are referred to Cross-Servicing and based on the

types of debts received, the Cross-Servicing program administers a variety of debt collection tools to collect or resolve the debts. These tools may include sending demand letters requesting payment, establishing repayment agreements, referring debts to the Treasury Offset Program, reporting debts to Credit Bureaus, referring debts to Private Collection Agencies on contract with FMS, referring debts to the Department of Justice for enforced collection, garnishing debtors private sector wages through Administrative Wage Garnishment, and sending the discharged debt information via a 1099c to IRS if all collection efforts fail.

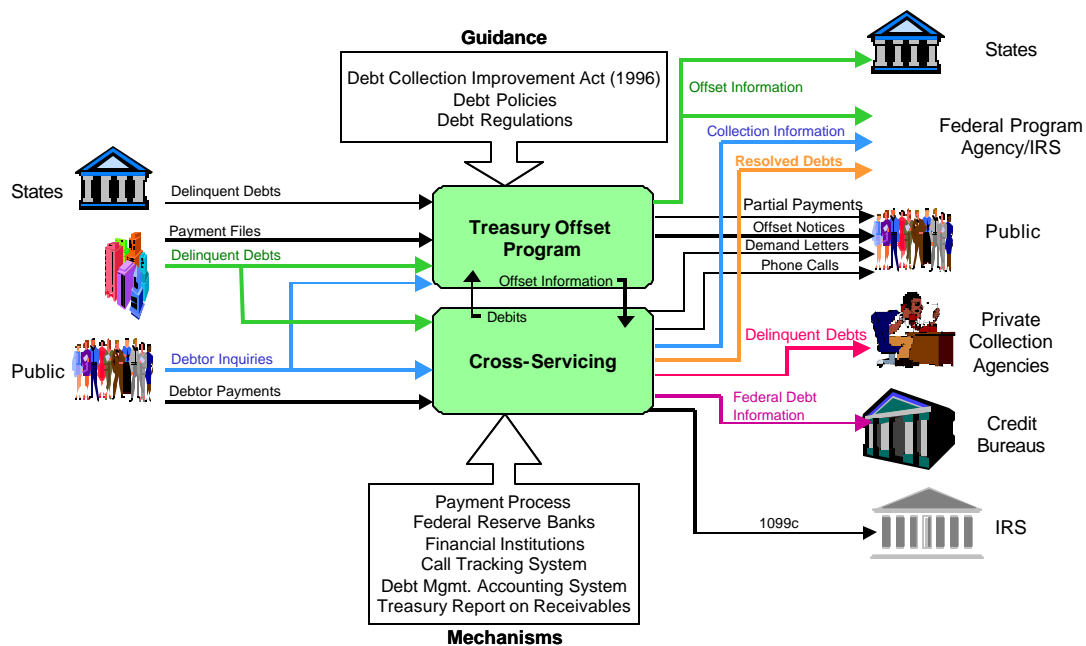
Stakeholders

Stakeholders and Customers for Debt Collection include:

- ◆ Congress—Established the Debt Collection Improvement Act of 1996 and continues to have oversight into the improvement of federal debt collection.
- ◆ General Public—Individuals and businesses can owe delinquent debts and/or receive federal payments.
- ◆ Federal Agencies—Key customers because they refer the delinquent debts that are to be collected, and they provide the payment information needed to offset the debts in TOP.
- ◆ States—States refer delinquent state income tax debts to the TOP system, and manage the collection of child support debts.
- ◆ Internal Revenue Service—IRS is a key federal agency because delinquent tax debts are levied through TOP, and because most of the payments offset through TOP are against IRS tax refund payments.
- ◆ The Federal Reserve Banks—The Federal Reserve is involved because electronic payments flow through the Federal Reserve and Treasury checks are settled through the Federal Reserve.
- ◆ Financial Institutions—Banks are involved because partial payments made electronically are sent to bank accounts. Treasury checks are cleared through financial institutions. In the case of Cross-Servicing, lock boxes are established with financial institutions to process payments sent in by debtors to pay off debts.
- ◆ Credit Bureaus—In Cross-Servicing, regular updates on federal non-tax delinquent debts are sent to Credit Bureaus.
- ◆ Private Collection Agencies—PCAs bid on contracts to provide debt collection services for delinquent non-tax debts managed by the Cross-Servicing program.

Figure 13 below illustrates FMS' Debt Collection Process.

Figure 13. Financial Management Service Debt Collection Business Line



Collections

In FY 2002, the Federal government collected nearly \$2.3 trillion through 10,000 financial agents, with nearly \$1.8 trillion collected electronically. “Managing Collections” includes cash management activities, establishing/authorizing bank accounts on behalf of program agencies to receive deposits from the public, and ensuring proper compensation to financial institutions for the performance of collection services. The purpose of these activities is to assure the timely and efficient collection and deposit of funds into the Treasury, on behalf of Federal program agencies. This revenue stream provides the basis for funding government operations and disbursements.

Processing Collections

All of the collection information is filtered through the CashLink system. This system receives all agency deposit information, initiates funds transfers, and concentrates daily deposits made through multiple collection mechanisms in the Treasury’s account at the Federal Reserve Bank of New York. This system provides Federal agencies with information to verify deposits, ACH and Fedwire transfers, as well as adjustment information used to reconcile agency accounts. It also assists Treasury in managing deposits serviced by financial institutions and monitors the cash position of the U.S. government. The variety of mechanisms through which these collections are processed include:

- ◆ Electronic Federal Tax Payment System (EFTPS)—Primarily used by corporations in remitting tax withholdings.
- ◆ Plastic Card Network (PCN)—Used by the public to pay via credit and debit card for goods and services, fees, fines, and debts.

- ◆ Automated Clearing House (ACH)—Used by businesses and individuals to pay primarily for recurring amounts due to the government.
- ◆ Fedwire—Used primarily by large corporations to remit large deposits due to the government.
- ◆ Pay.gov—Used by corporations and individuals to remit funds due via a web-based collections application.
- ◆ Federal Tax Deposit (FTD) system—Used by smaller corporations to remit withholding taxes via over-the-counter presentment of a payment coupon and amounts due at financial institutions.
- ◆ Lockbox—High-volume operation in which forms from individuals and businesses, such as tax returns, accompany remittances in the form of paper check or money order.
- ◆ Treasury General Accounts—A means for program agencies to deposit revenue over the counter at a locally designated financial institution in the form of cash, checks, and money orders received within their program offices.

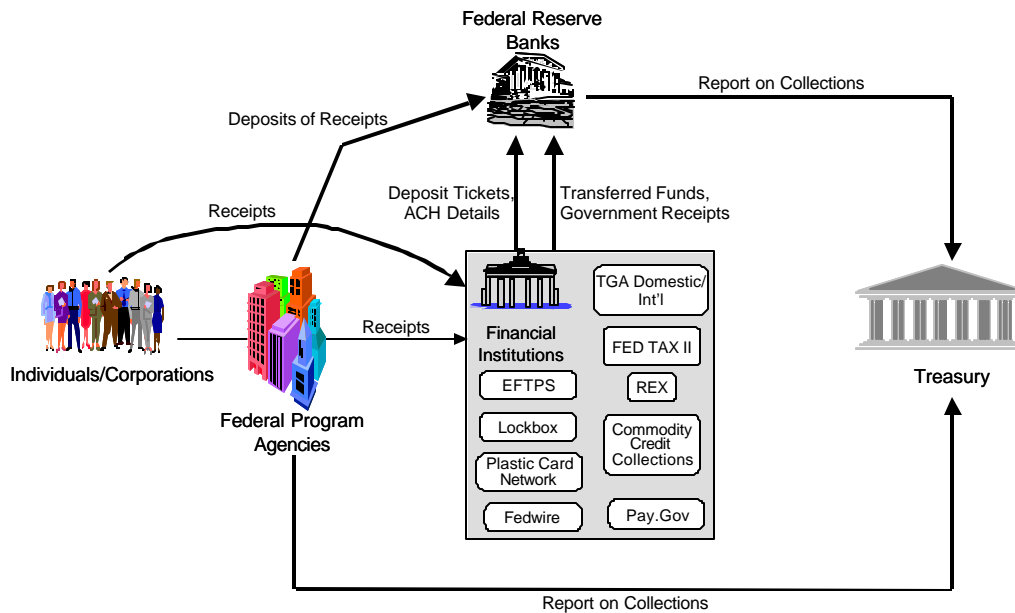
Stakeholders

Stakeholders and Customers for Collections include:

- ◆ Taxpayers
- ◆ Central agencies such as the Treasury and Office of Management and Budget
- ◆ Program agencies and their customers
- ◆ Financial institutions
- ◆ Federal Reserve.

Figure 14 below illustrates FMS' Collections Business Line.

Figure 14. Financial Management Service Collections Business Line



Payments

The central payments process provides banking services including disbursing, claims, reconciliation, and accounting for payments made on behalf of Federal agencies. In addition, the payments business encourages and sponsors the use of modern electronic technology in payment methods in order to reduce cost of the government's cash flow.

The function of the Payments Process is to implement Federal payment policy and procedures, issue and distribute payments, promote the use of electronics in the payment process, and assist agencies in converting payment from paper checks to Electronic Funds Transfer (EFT). The control and financial integrity of the payments and collections process includes reconciliation, accounting, and claims activities. The claims activity settles claims against the United States resulting from Government checks which have been forged, lost, stolen, or destroyed, and collects monies from those parties liable for fraudulent or otherwise improper negotiation of Government checks.

The key payments sub-processes processes are to Process Payment Request From Federal Program Agencies, Issue Payments, Perform Check Reconciliation, Handle Exceptions, and Perform Accounting/Reporting.

Process Payment Request from Federal Agencies

The goals of the payments process are to strengthen Federal financial management through effective, timely, and accurate disbursement of payments and to provide agencies with easy and secure access to systems and information. Federal Program agencies determine eligibility, prepare payment files, certify to regional disbursement

centers by paper voucher or electronic certification, and transmit payment data via ECS or magnetic tape.

Issue Payments

The function of this sub-process is to provide Federal payments timely and accurately. Treasury FMS assigns trace numbers, pre-sorts for postal discounts, and releases payment via the Federal Reserve or USPS. Permanent records are maintained for payments issued.

Perform Check Reconciliation

The function of this sub-process is to compare the issue data with the payment data. If the data matches, it is archived. If the data does not match, an exception report is produced. The purpose of this process is to maintain optimum levels of efficiency, integrity, and quality in all payment related functions.

Handle Exceptions

The function of this sub-process is to receive, process, and resolve claims, holds, and reconciliation exceptions. The purpose is to ensure accuracy of payment and proper reconciliation, including the process of receiving, processing, and resolving claims, holds, and reconciliation exceptions.

Perform Accounting/Reporting

The function of this sub-process is to produce all accounting actions and documentation associated with the payment process and the collection process to make sure the government account is balanced. The purpose is to increase program efficiencies and reduce barriers for stakeholders to take action in support of improved accounting and reporting.

Stakeholders

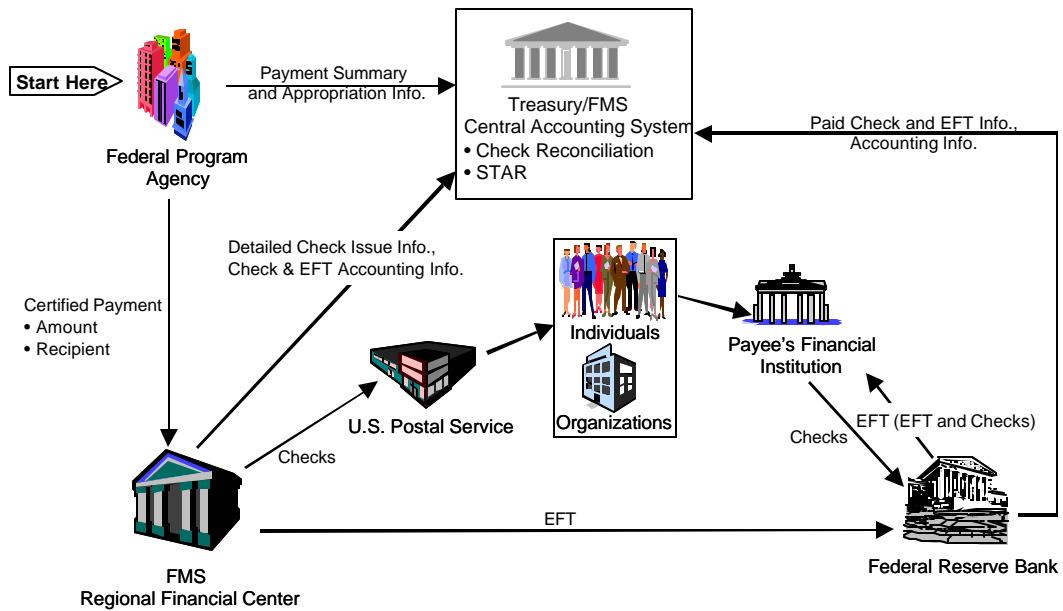
Stakeholders and customers for Payments include:

- ◆ Federal Program agencies
- ◆ Recipients of Federal payments
- ◆ Consumer and community-based organizations
- ◆ Government vendors
- ◆ Federal Reserve System
- ◆ Financial institutions
- ◆ Congress
- ◆ Office of Management and Budget

- ◆ Regional Financial Centers.

Figure 15 below illustrates FMS' Payments Business Line

Figure 15. Financial Management Service Payments Business Line



Appendix D—Summary of Financial Systems Requirements Documents

Service Function	Overview	Primary Transactions
Core Financial System Requirements	<p>Identifies the accounting and reporting requirements for the agency's accounting system of record that supports budget execution, funds control and reporting. The primary components of the core financial system are:</p> <p><i>Core Financial Systems Management.</i> Administration of the accounting classification and coding structures designed to capture data at the transaction entry level needed for downstream information and reporting.</p> <p><i>Funds Management.</i> Process funds control transactions in support of the execution of programs and appropriations.</p> <p><i>Standard General Ledger Management.</i> Maintenance of general ledger posting rules associated with funds management, payments and collections transactions.</p> <p><i>Cost Management.</i> Measuring the total cost of performing activities.</p> <p><i>Payments Management.</i> Providing appropriate control over payments made on behalf of an agency.</p> <p><i>Receipts Management.</i> Supports activities associated with collecting receipts and receivables.</p> <p><i>Reporting.</i> Providing timely and useful financial information for fiduciary reporting, budget formulation and execution, fiscal management of program delivery, and internal and external reporting.</p>	
Budget Formulation System Requirements	<p>Budget formulation systems requirements for maintaining and processing information and schedules associated with the management of the Federal Budget Process. Includes planning, forecasting, pricing, associated with developing budgets; developing schedules and exhibits dictated by the</p>	

Service Function	Overview	Primary Transactions
	budget cycle; and allocation of funding for Federal programs and operations	
Travel System Requirements	Financial system requirements for processing accounting, payment and collection transactions associated with Federal civilian Travel Management. Includes: accounting for travel allotments, authorizations, advances, and claims, associated with travel, local travel and change of station (Functions); managing payments and payment processes to travelers and service providers; and managing collections of any overpayments or unused advances.	Allotments, Advances, Obligations, Accounts Payable Accounts Receivable, Collections, and Payments
Acquisition/Financial Systems Interface Requirements	Financial System requirements for interfacing between core accounting and acquisition systems that process funds control, invoicing, receiving and payment collection transactions associated with managing Federal acquisition and contracting for goods and services. Includes: accounting and funds control for purchases, contracts, leases and intra-governmental transactions: maintenance of payment records and specifications for individuals, vendors, Federal and other governments providing goods or services through contractual agreements; managing payments and payment processes to Federal and non-Federal service providers and associated cash management and prompt payment activities; and managing <i>collections</i> of any overpayments.	Allotments, Advances, Commitments, Obligations, Invoices, Receipts, Accounts Payable Payments, Accounts Receivable, and Collections
Property Management Systems Requirements	Financial System requirements for processing accounting transactions associated with the acquiring, managing and disposing of Federally owned property assets. Includes: accounting and funds control for the acquisition of land, buildings, equipment, technology, and other tangible property assets acquired through purchase, lease, construction, transfer, grant or donation; accounting for the capitalization, usage and valuation of assets through utilization, maintenance and improvement overhaul, retirement or	Funding, Commitments, Obligations, Receipts, Accounts Payable, Payments, Expense, Depreciation and Amortization.

Service Function	Overview	Primary Transactions
	disposal of property; cost accounting in support of property management.	
Inventory System Requirements	Financial systems requirements for accounting for inventory and property held for resale in support of numerous Federal programs that provide goods for sale; Accounting for inventory assets, valuation, gain and loss associated with maintaining inventory of goods for sale; Supporting the acquisition, procurement or manufacturing of inventory. Accounting and funds control for inventory assets and sales.	
Revenue System Requirements	Financial System requirements for processing non-income tax revenue (exchange and non-exchange) transactions associated with the mission of government and program delivery throughout the Federal government, that collect revenues. Includes: accounting for the collection of taxes, insurance, donations, fees, fines, penalties, and forfeitures from individuals, the private sector, Federal, state, local and national governments; managing collection operations and processes; associated cash management; forecasting revenues and developing pricing and user fee structures; and managing debt collection activities.	Reimbursable Authority, Undelivered Orders, Accounts Receivable, and Collections
Grant Financial System Requirements	Financial System requirements for processing funds control, payment and collection transactions associated with Federal grants management. Includes: accounting for funding and drawdowns associated with the distribution of Federal grants to recipients; managing payment processes, payment information and payments to grant recipients; and managing collections of any overpayments or unused advances.	Allotments, Advances, Obligations, Accounts Payable, Accounts Receivable, Collections, and Payments.
Insurance Claims Systems Requirement	Financial systems requirements for processing funds control, payment and collection transactions associated with Federal insurance programs.	

Service Function	Overview	Primary Transactions
Benefit System Requirements	Financial systems requirements for processing financial transactions associated with administering <i>Federal benefits programs</i> . Reflects financial system requirements associated with Federal benefit systems used in administering programs that do not involve a health care component (i.e., non-health care benefit programs). Managing and administration of benefits claims and entitlements. Processing payments to individuals for Federal assistance, old age, disability, retirement, death and other Federal benefits in support of social security, veterans, retirement and other Federal programs. Accounting for benefit transactions. Managing Collection for overpayments.	Funding, Receivables, and Payments.
Guaranteed Loan System Requirements	Financial system requirements for processing accounting, payment and collection transactions associated with management of Federal credit programs. Includes: manage working capital, cash management and Treasury financing; processing and servicing guaranteed loans and claims; accounting and funds control for assets, liabilities, and resources; analysis and decision support for managing guaranteed loan programs; and managing the collection of delinquent debts.	Fund Transfers, Obligations, Payments, Receivables, and Collections
Direct Loan System Requirements	Financial system requirements for processing accounting, payment and collection transactions associated with management of Federal credit programs. Includes: processing and servicing direct loans to individuals, businesses, and governments to carry out Federal credit programs for agricultural, small business, housing, education, mortgage etc.; accounting and funds control; managing loan portfolios; and managing the collection of delinquent debts.	Appropriations, Apportionments, Allotments, Obligations Expenditures, Payments, Accounts Receivables, and Collections.

Service Function	Overview	Primary Transactions
Seized Property and Forfeited Assets Systems Requirements	Financial system requirements for processing accounting, collection and payment transactions associated with the custody and administration of property and assets acquired through criminal, civil and administrative law enforcement (tax collection; confiscations by police agencies from criminal activity; customs seizures, property seized for evidence; mortgage foreclosures; abandoned property, etc.). Includes: accounting for property and assets and for revenues and costs associated with the inventory, appropriation or sales of seized or forfeited assets and deposits to the Treasury general fund; processing revenue and collection transactions for disposals; administration of debt collection activities; managing valuation and inventory of seized or forfeited assets and property; valuation and accounting for liabilities resulting from mortgage foreclosures and claims.	Collections and Fund Transfers
Managerial Cost Accounting System Requirements	Financial systems requirements for the re-allocation of costs classified at the initial recording of the business transaction to additional cost pools needed to support further downstream resource management decisions. Managerial cost accounting systems are one component of managerial cost accounting in addition to information provided by the core financial system and other mixed financial systems. The success of cost accounting systems is dependent upon the discipline of establishing an effective and efficient accounting classification and coding structure that supports current and downstream information requirements. Cost accounting systems are <i>decision support systems</i> vs. not <i>transaction processing systems</i> .	Managerial cost accounting systems support the Federal Budget Process. Identifying required downstream decision support information, reports, performance measurement metrics, etc. to support program delivery and performance.

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